Hedrick Hill Project

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

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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

PRECLOSING ATTENDANCE LIST

Date 3/17/2011 Time 3:30 pm. LGA Grant County PSD Program IF Sec 20114 Sec 20115

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Carol A. Cummings	WDA	304-558-3612	304-558-0299	ccummings@wvwda.org
Samme Gee	Jackson Kelly PLLC	304 340 1318	304 340 1272	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 Patricia Kitzmiller, Chairman Telephone 304.257.2377 E-Mail None

Address P.O. Box 806, Petersburg, WV 25847

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.

GRANT COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2011 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE BY THE GRANT COUNTY PUBLIC SERVICE DISTRICT OF $115,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GRANT 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. Grant 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 Grant County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the Issuer, consisting of replacement of the existing Hedrick Hill booster station and all necessary appurtenances, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer and at the costs estimated in Section 2.01 hereof.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund) in the total aggregate principal amount of $115,000 (the "Series 2011 B Bonds"), to permanently finance 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, upon the Series 2011 B 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 2011 B 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 2011 B 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 2011 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. Upon issuance of the Series 2011 B Bonds, the Issuer will have the following outstanding obligations which will rank on a parity with the Series 2011 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000 (the "Series 1976 Bonds"); (2) Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000 (the "Series 1984 Bonds"); (3) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original aggregate principal amount of $209,000 (the "Series 1990 Bonds"); (4) Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000 (the "Series 1991 Bonds"); (5) Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of $130,000 (the "Series 1993 Bonds"); (6) Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of $1,850,000 (the "Series 1999 Bonds"); (7) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369 (the "Series 2005 A Bonds"); and

(8) Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of $500,000 (the "Series 2008 A Bonds") (collectively, the "Prior Bonds") and Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), issued simultaneously, issued in the original aggregate principal amount of $328,300 (the "Series 2011 A Bonds"). The Series 2011 A Bonds and Series 2011 B Bonds are collectively known as the "Series 2011 Bonds".

The Series 2011 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2011 Bonds, the Issuer will obtain (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 consent of the Holders of the Prior Bonds to the issuance of the Series 2011 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, on the Series 2011 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2011 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 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 2011 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 2011 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 2011 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, 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 2011 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2011 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2011 B Bonds for all or a portion of the proceeds of the Series 2011 B 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 Geary Associates PLLC, Petersburg, 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 1.02G hereof to be a part of the cost of acquisition and construction of the Project.

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

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

"Depreciation Account" means the Depreciation Account continued by Section 5.01 hereof.

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

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

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

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

"Grants" means any grants that may be received 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 Grant County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 2011 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2011 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net

Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2011 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2011 B Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1976 Bonds, the Series 1984 Bonds, the Series 1990 Bonds, the Series 1991 Bonds, the Series 1993 Bonds, the Series 1999 Bonds, the Series 2005 A Bonds and the Series 2008 A Bonds.

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

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

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

(a) Government Obligations;

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

payments from Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Replacement Reserve" means the Replacement Reserve continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2011 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2011 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

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

"Series 1976 Bonds" means the Issuer's Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000.

"Series 1984 Bonds" means the Issuer's Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000.

"Series 1990 Bonds" means the Issuer's Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original aggregate principal amount of $209,000.

"Series 1991 Bonds" means the Issuer's Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000.

"Series 1993 Bonds" means the Issuer's Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of $130,000.

"Series 1999 Bonds" means the Issuer's Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of $1,850,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369.

"Series 2008 A Bonds" means the Issuer's Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of $500,000.

"Series 2011 Bonds" means collectively, the Series 2011 A Bonds and the Series 2011 B Bonds.

"Series 2011 A Bonds" means the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, authorized by the Series 2011 A Bonds Resolution.

"Series 2011 A Bonds Resolution" means the Bond Resolution authorizing the Series 2011 A Bonds.

"Series 2011 B Bonds" means the Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2011 B Bonds Construction Trust Fund" means the Series 2011 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2011 B Bonds Reserve Account" means the Series 2011 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2011 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 2011 B Bonds in the then current or any succeeding year.

"Series 2011 B Bonds Sinking Fund" means the Series 2011 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2011 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 2011 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2011 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 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Replacement Reserve, the Sinking Funds and the Reserve Accounts.

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, 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 the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks systems from any sources whatsoever.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $150,656, 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 2011 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed $150,656 of which will be obtained from the proceeds of the Series 2011 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 paying the Series 2011 B Bonds, capitalizing interest on the Series 2011 B Bonds, funding the Reserve Account for the Series 2011 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2011 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 negotiable Series 2011 B Bonds of the Issuer. The Series 2011 B Bonds shall be issued as a single bond, designated as "Water

Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund)," in the principal amount of $115,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 B Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2011 B Bonds, if any, shall be deposited in or credited to the Series 2011 B Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2011 B Bonds shall be issued in such principal amounts; shall bear interest 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 2011 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 on the Series 2011 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 2011 B 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 2011 B Bonds. The Series 2011 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 have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 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 2011 B Bonds shall cease to be such officer of the Issuer before the Series 2011 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 Series 2011 B Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2011 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2011 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 forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and

Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 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 Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 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 2011 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 2011 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 Bonds.

The registered Series 2011 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 Series 2011 B Bonds or transferring the registered Series 2011 B Bonds are exercised, all Series 2011 B Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2011 B Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2011 B Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2011 B Bonds or, in the case of any proposed redemption of Series 2011 B 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 2011 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 and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2011 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 2011 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2011 B Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Series 2011 A Bonds and the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2011 B Bonds, Series 2011 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2011 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2011 B Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2011 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2011 B Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2011 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2011 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2011 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2011, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 with interest of 1% payable quarterly 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.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 _____, 2011.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1976 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $350,000 (THE "SERIES 1976 BONDS"); (2) WATER REVENUE BONDS, SERIES 1984 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1984 BONDS"); (3) WATER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $209,000 (THE "SERIES 1990 BONDS"); (4) WATER REVENUE BONDS, SERIES 1991 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1991 BONDS"); (5) WATER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $130,000 (THE "SERIES 1993 BONDS"); (6) WATER REVENUE BONDS, SERIES 1999 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINICIPAL AMOUNT OF $1,850,000 (THE "SERIES 1999 BONDS"); (7) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRIGINA INFRASTRUCTURE FUND), DATED JULY 28, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,833,369 (THE "SERIES 2005 A BONDS"); AND (8) WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 27, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2008 A BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 A BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2011 A Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 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 2011 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient,

together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the series 2011 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: _____, 2011.

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 2011 B 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 a schedule, the form 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 Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Resolutions and continued hereby);

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

(3) Depreciation Account (established by the Prior Resolutions continued hereby);

(4) Series 2011 B Bonds Construction Trust 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 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 2007 A Bonds Sinking Fund (established by Prior Resolutions);

(4) Series 2007 A Bonds Reserve Account (established by Prior Resolutions);

(5) Series 2010 A Bonds Reserve Account (established by Prior Resolutions);

(6) Series 2011 A Bonds Sinking Fund (established by Prior Resolutions);

(7) Series 2011 A Bonds Reserve Account (established by Prior Resolutions);

(8) Series 2011 B Bonds Sinking Fund; and

(9) Series 2011 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

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

(2) The Issuer shall next, each month transfer from the Revenue Fund and simultaneously on or before the due date thereof remit: (i) to the National Finance Office the amounts required to pay interest on the Series 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds and Series 2008 A Bonds; (ii) to the Commission the amount required to pay interest on the Series 2011 A Bonds; and (iii) to the Commission commencing 4 months prior to the first date of payment of interest of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and come due on the Series 2011 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required to pay principal of the Series 1976 Bonds,

Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds and Series 2008 A Bonds, as required by the Prior Resolutions; (ii) remit to the Commission the amounts required to pay principal of the Series 2005 A Bonds and Series 2011 A Bonds, as required by the Prior Resolutions and Series 2010 A Bonds respectively; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 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 2011 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, each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, the amounts required by the Prior Resolutions and the series 2010 A Bonds Resolution for deposit in the respective Reserve Accounts for the Prior Bonds and the Series 2011 A Bonds respectively; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 B Bonds, if not fully funded upon issuance of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 B Bonds Reserve Requirement, until the amount in the Series 2011 B Bonds Reserve Account equals the Series 2011 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 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 2011 B Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Resolutions and not in addition thereto) the amounts required by the Prior Resolutions and a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum

extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account as required by the Prior Resolutions.

Monies in the Series 2011 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2011 B Bonds as the same shall become due. Monies in the Series 2011 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 B Bonds as the same shall come due, when other monies in the Series 2011 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2011 B Bonds Sinking Fund and the Series 2011 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 Series 2011 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 B Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2011 B Bonds Reserve Account which result in a reduction in the balance therein to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2011 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 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2011 Bonds and the Prior 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 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account 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 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 B 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 2011 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2011 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2011 B Bonds, there shall first be deposited with the Commission in the Series 2011 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 2011 B Bonds for the period commencing on the date of issuance of the Series 2011 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2011 B Bonds, there shall be deposited with the Commission in the Series 2011 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2011 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 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 2011 B 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 2011 B Bonds shall be applied as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2011 B Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer 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 2011 B Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2011 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2011 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 2011 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 2011 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 2011 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to the Series 2011 A Bonds and the Prior Bonds. The payment of the debt service of the Series 2011B Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Series 2011 A Bonds and 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 2011 B Bonds, Series 2011 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges

shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered November 17, 2010 and Further Recommended Decision dated November 22, 2010 which became final on December 12, 2010 in Case No. 10-0953-PWD-CN, and such rates are hereby adopted.

So long as the Series 2011 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 2011 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 Series 2011 Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the holders of the Prior Bonds, 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 2011 Bonds, immediately be remitted to the Commission for deposit in the Series 2011 Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2011 Bonds. Any balance remaining after the payment of the Series 2011 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 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 2011 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 2011 Bonds, and the interest thereon upon any or all of the income and revenues of the System pledged for payment of the Series 2011 Bonds and the interest thereon 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 Series 2011 A Bonds, Series 2011 B Bonds or Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Series 2011 A Bond Resolution and 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 2011 B Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 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 Series 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds or Series 2008 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 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 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds or Series 2008 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds or Series 2008 A Bonds are no longer outstanding, the following requirement shall be met:

So long as the Series 2005 A Bonds, Series 2010 A Bonds or Series 2011 B Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2011 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 2011 B Bonds.

So long as the Series 2005 A Bonds, Series 2010 A Bonds or Series 2011 B Bonds are outstanding no Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2011 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2011 B Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 B Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2011 B Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 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 2011 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 B Bonds, including the Series 2011 A Bonds and the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2011 B Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2011 B Bonds, including the Series 2011 A Bonds and 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 2011 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 B Bonds, including the Series 2011 A Bonds and the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans,

specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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 (the "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.

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

Section 7.15. Insurance and Construction Bonds.

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

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

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

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

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

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

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

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal

periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 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 2011 B Bonds and shall be on a parity with the Series 2011 A Bonds and 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 also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.21. Securities Laws Compliance. The Issuer 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 2011 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 for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2011 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 before expending any proceeds of the Series 2011 B 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; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2011 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 2011 B Bonds as a condition to issuance of the Series 2011 B 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 2011 B Bonds as may be necessary in order to maintain the status of the Series 2011 B Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 B 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, from which the proceeds of the Series 2011 B 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 2011 B Bonds and, at any time, 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 2011 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2011 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 2011 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 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, Registrar or any other Paying Agent or a Holder of a Bond;

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

(4) If default occurs under the Prior Bonds or the Prior Resolutions; or

(5) If default occurs under the Series 2011 A Bonds or the Series 2011 A Bond Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2011 B Bonds shall be on a parity with the Holders of the Series 2011 A Bonds and the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2011 B Bonds, the principal of and interest due or to become due thereon, if any, 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 2011 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 2011 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 2011 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 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 2011 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2011 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 Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2011 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 2011 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 2011 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. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

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

[Remainder of Page Intentionally Blank]

Adopted this 10th day of March, 2011.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GRANT COUNTY PUBLIC SERVICE DISTRICT on the 10th day of March, 2011.

Dated: March 22, 2011.

[SEAL]

Barbara Smith
Secretary

02.18.11
349590.00002

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF GRANT COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Grant County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on March 10, 2011 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE BY THE DISTRICT OF $115,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $115,000 and has authorized the execution and delivery of the loan agreement relating to the Series 2011 B Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GRANT 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 2011 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $115,000. The Series 2011 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2042, and shall bear interest at the rate of 1% per annum. The principal and interest of the Series 2011 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including June 1, 2042, 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 2011 B Bonds. The Series 2011 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2011 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants

and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint and designate the Summit Community Bank, Petersburg, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2011 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 B Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2011 B Bond Proceeds in the amount of $-0- shall be deposited in the Series 2011 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2011 B Bonds shall be deposited in or credited to the Series 2011 B Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about March 22, 2011, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof with proceeds of the Series 2011 B Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 10th day of March, 2011.

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Grant County Public Service District on March 10, 2011.

Dated: March 22, 2011.

[SEAL]

Barbara Smith
Secretary

02.18.11
349590.00002

5680672

IC-1
(08/09)

LOAN AGREEMENT

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

GRANT COUNTY PUBLIC SERVICE DISTRICT
(2008W-1203)
(Hedrick Hill Project)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

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

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

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

(100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency 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 Governmental Agency shall certify to the Authority the number of customers added to the System.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and

the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

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

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

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

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

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin,

sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the

Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

GRANT COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: March 22, 2011

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: March 22, 2011

Attest:

_____
Its: Authorized Officer

{C1994531.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____

Name of Bond Issue(s) _____

Type of Project _____ **Water** _____ **Wastewater**

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $115,000
Purchase Price of Local Bonds $115,000

The Local Bonds shall bear interest at a rate of 1% per annum. Commencing September 1, 2012, principal and interest on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) Grant County Public Service District Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000;

(2) Grant County Public Service District Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000;

(3) Grant County Public Service District Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original aggregate principal amount of $209,000;

(4) Grant County Public Service District Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000;

(5) Grant County Public Service District Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of $130,000;

(6) Grant County Public Service District Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of $1,850,000;

(7) Grant County Public Service District Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369;

(8) Grant County Public Service District Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of $500,000; and

(9) Grant County Public Service District Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated March 22, 2011, issued in the original aggregate principal amount of $328,300.

Number of New Customers to Be Served: 0
Location: N/A

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

$115,000

Grant County PSD

IF

1% Interest Rate

30 Years

Dated Date 3/22/11

Delivery Date 3/22/11

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/12	823	1.000%	287.50	1,110.50
12/1/12	825	1.000%	285.44	1,110.44
3/1/13	827	1.000%	283.38	1,110.38
6/1/13	829	1.000%	281.31	1,110.31
9/1/13	831	1.000%	279.24	1,110.24
12/1/13	833	1.000%	277.16	1,110.16
3/1/14	835	1.000%	275.08	1,110.08
6/1/14	837	1.000%	272.99	1,109.99
9/1/14	840	1.000%	270.90	1,110.90
12/1/14	842	1.000%	268.80	1,110.80
3/1/15	844	1.000%	266.70	1,110.70
6/1/15	846	1.000%	264.59	1,110.59
9/1/15	848	1.000%	262.47	1,110.47
12/1/15	850	1.000%	260.35	1,110.35
3/1/16	852	1.000%	258.23	1,110.23
6/1/16	854	1.000%	256.10	1,110.10
9/1/16	857	1.000%	253.96	1,110.96
12/1/16	859	1.000%	251.82	1,110.82
3/1/17	861	1.000%	249.67	1,110.67
6/1/17	863	1.000%	247.52	1,110.52
9/1/17	865	1.000%	245.36	1,110.36
12/1/17	867	1.000%	243.20	1,110.20
3/1/18	869	1.000%	241.03	1,110.03
6/1/18	872	1.000%	238.86	1,110.86
9/1/18	874	1.000%	236.68	1,110.68
12/1/18	876	1.000%	234.49	1,110.49
3/1/19	878	1.000%	232.30	1,110.30
6/1/19	880	1.000%	230.11	1,110.11
9/1/19	883	1.000%	227.91	1,110.91
12/1/19	885	1.000%	225.70	1,110.70
3/1/20	887	1.000%	223.49	1,110.49
6/1/20	889	1.000%	221.27	1,110.27
9/1/20	891	1.000%	219.05	1,110.05
12/1/20	894	1.000%	216.82	1,110.82
3/1/21	896	1.000%	214.59	1,110.59
6/1/21	898	1.000%	212.35	1,110.35
9/1/21	900	1.000%	210.10	1,110.10
12/1/21	903	1.000%	207.85	1,110.85
3/1/22	905	1.000%	205.59	1,110.59
6/1/22	907	1.000%	203.33	1,110.33
9/1/22	909	1.000%	201.06	1,110.06
12/1/22	912	1.000%	198.79	1,110.79
3/1/23	914	1.000%	196.51	1,110.51

BOND DEBT SERVICE

$115,000

Grant County PSD

IF

1% Interest Rate

30 Years

Period Ending	Principal	Coupon	Interest	Debt Service
6/1/23	916	1.000%	194.23	1,110.23
9/1/23	919	1.000%	191.94	1,110.94
12/1/23	921	1.000%	189.64	1,110.64
3/1/24	923	1.000%	187.34	1,110.34
6/1/24	925	1.000%	185.03	1,110.03
9/1/24	928	1.000%	182.72	1,110.72
12/1/24	930	1.000%	180.40	1,110.40
3/1/25	932	1.000%	178.07	1,110.07
6/1/25	935	1.000%	175.74	1,110.74
9/1/25	937	1.000%	173.40	1,110.40
12/1/25	939	1.000%	171.06	1,110.06
3/1/26	942	1.000%	168.71	1,110.71
6/1/26	944	1.000%	166.36	1,110.36
9/1/26	946	1.000%	164.00	1,110.00
12/1/26	949	1.000%	161.63	1,110.63
3/1/27	951	1.000%	159.26	1,110.26
6/1/27	954	1.000%	156.88	1,110.88
9/1/27	956	1.000%	154.50	1,110.50
12/1/27	958	1.000%	152.11	1,110.11
3/1/28	961	1.000%	149.71	1,110.71
6/1/28	963	1.000%	147.31	1,110.31
9/1/28	966	1.000%	144.90	1,110.90
12/1/28	968	1.000%	142.49	1,110.49
3/1/29	970	1.000%	140.07	1,110.07
6/1/29	973	1.000%	137.64	1,110.64
9/1/29	975	1.000%	135.21	1,110.21
12/1/29	978	1.000%	132.77	1,110.77
3/1/30	980	1.000%	130.33	1,110.33
6/1/30	983	1.000%	127.88	1,110.88
9/1/30	985	1.000%	125.42	1,110.42
12/1/30	988	1.000%	122.96	1,110.96
3/1/31	990	1.000%	120.49	1,110.49
6/1/31	992	1.000%	118.01	1,110.01
9/1/31	995	1.000%	115.53	1,110.53
12/1/31	997	1.000%	113.05	1,110.05
3/1/32	1,000	1.000%	110.55	1,110.55
6/1/32	1,002	1.000%	108.05	1,110.05
9/1/32	1,005	1.000%	105.55	1,110.55
12/1/32	1,007	1.000%	103.04	1,110.04
3/1/33	1,010	1.000%	100.52	1,110.52
6/1/33	1,012	1.000%	97.99	1,109.99
9/1/33	1,015	1.000%	95.46	1,110.46
12/1/33	1,018	1.000%	92.93	1,110.93
3/1/34	1,020	1.000%	90.38	1,110.38
6/1/34	1,023	1.000%	87.83	1,110.83
9/1/34	1,025	1.000%	85.27	1,110.27
12/1/34	1,028	1.000%	82.71	1,110.71

BOND DEBT SERVICE

$115,000

Grant County PSD

IF

1% Interest Rate

30 Years

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/35	1,030	1.000%	80.14	1,110.14
6/1/35	1,033	1.000%	77.57	1,110.57
9/1/35	1,035	1.000%	74.98	1,109.98
12/1/35	1,038	1.000%	72.40	1,110.40
3/1/36	1,041	1.000%	69.80	1,110.80
6/1/36	1,043	1.000%	67.20	1,110.20
9/1/36	1,046	1.000%	64.59	1,110.59
12/1/36	1,048	1.000%	61.98	1,109.98
3/1/37	1,051	1.000%	59.36	1,110.36
6/1/37	1,054	1.000%	56.73	1,110.73
9/1/37	1,056	1.000%	54.09	1,110.09
12/1/37	1,059	1.000%	51.45	1,110.45
3/1/38	1,062	1.000%	48.81	1,110.81
6/1/38	1,064	1.000%	46.15	1,110.15
9/1/38	1,067	1.000%	43.49	1,110.49
12/1/38	1,070	1.000%	40.82	1,110.82
3/1/39	1,072	1.000%	38.15	1,110.15
6/1/39	1,075	1.000%	35.47	1,110.47
9/1/39	1,078	1.000%	32.78	1,110.78
12/1/39	1,080	1.000%	30.09	1,110.09
3/1/40	1,083	1.000%	27.39	1,110.39
6/1/40	1,086	1.000%	24.68	1,110.68
9/1/40	1,089	1.000%	21.96	1,110.96
12/1/40	1,091	1.000%	19.24	1,110.24
3/1/41	1,094	1.000%	16.51	1,110.51
6/1/41	1,097	1.000%	13.78	1,110.78
9/1/41	1,099	1.000%	11.04	1,110.04
12/1/41	1,102	1.000%	8.29	1,110.29
3/1/42	1,105	1.000%	5.53	1,110.53
6/1/42	1,108	1.000%	2.77	1,110.77
	115,000		**18,253.96**	**133,253.96**

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At as session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 15th day of November 2010.

CASE NO. 10-1487-PWD-PC

GRANT COUNTY PUBLIC SERVICE DISTRICT
Grant County, West Virginia
Petition for determination that booster station replacement project does not require a certificate of convenience and necessity, and petition for approval to accept a construction loan.

COMMISSION ORDER

The proposed project is within the ordinary course of business for the Grant County Public Service District (Grant PSD) and does not require a certificate of convenience and necessity. The Commission also grants consent and approval for Grant PSD to accept a construction loan.

Background

On September 22, 2010, Grant PSD filed this petition requesting a Commission determination that its plans to replace its existing Hedrick Hill booster station with new equipment and appurtenances does not require a certificate of convenience and necessity. Grant PSD also requested consent and approval for it to accept a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of $115,000 to pay for the project. The loan would be at one percent interest for a term of thirty years. Grant PSD does not propose a rate increase relating to this project and anticipates that the rates to be established in its separate and currently pending certificate proceeding, Case No. 10-0953-PWD-CN will be sufficient to cover the debt service to the WVIJDC. Grant PSD stated that the project is a maintenance project in the ordinary course of its business and will not add new customers.

On October 21, 2010, Commission Staff filed a memorandum recommending that the Commission conclude that the proposed project is in the ordinary course and does not require a certificate. Staff also recommended that the Commission grant approval for the Grant PSD to accept the WVIJDC loan. In support of its position, Staff stated the following reasons:

(a) The Grant PSD annual revenues in 2009 were $1,089,958 and the $115,000 estimated cost of the Project is eleven percent of annual revenues. Staff believes the cost per customer is reasonable.

(b) The annual debt service payment of $4,439 is reasonable when compared to the Grant PSD total annual debt service requirement of $278,849.

(c) The engineering design costs of the project are reasonable and constitute only 9.56% of total project costs.

(d) The project will not require a rate adjustment and will result in operational maintenance cost savings.

DISCUSSION

W.Va. Code §24-2-11 requires that entities constructing utility facilities obtain a certificate of public convenience and necessity. The Code exempts from this requirement ordinary extensions of existing systems in the usual course of business. In General Order 246, *In the Matter of Establishing Comprehensive Criteria or Rules for the Application of Section 24-2-11, West Virginia Code, for Utility Construction Projects* (Commission Order, February 24, 1993), the Commission, in deciding not to develop specific guidelines on when a certificate application should be filed, urged public utilities, on a case-by-case basis, to consult with Staff on whether a construction project that will provide service to the public requires a certificate.

In *Town of West Hamlin*, Case No. 05-0282-W-PW (Commission Order, April 25, 2005), the Commission cited *South Putnam Public Service District*, Case No. 04-0034-PWD-PC (Recommended Decision, March 17, 2004; Final Order April 6, 2004) and its criteria for determining whether a project is an ordinary extension:

> The Code provision does not define or elaborate as to what constitutes an 'ordinary extension' of an existing system, although it has been construed to mean that construction activities which deal with the in-kind replacement of existing facilities are not subject to the certification process. Historically, Commission Staff has looked at various factors, any of which are subjective, in order to make a determination regarding the need for a certificate. These factors include, but are not limited to, the following: (a) the estimated cost of the project as compared with the annual revenues of the applicant; (b) the level

of complexity (engineering or otherwise) of the proposed project; (c) the type of funding proposed for the project; (d) the factors driving the project; (e) the urgency of the project; (f) the experience and competency of the applicant's staff and/or professional consultants; (g) the regulatory history of the applicant; and (h) the potential benefits and risks of the project.

South Putnam, p. 4.

These factors are not all-inclusive and projects will be reviewed on a case-by-case basis. The Commission has determined projects to be in the ordinary course when the cost of a project is low compared to annual utility revenues, the project involves the in-kind replacement of existing facilities, grant funds result in no rate impact, and engineering design was not required. See, e.g., Hughes River Water Board, Case No. 10-0504-W-PC-42A, Commission Order, July 26, 2010; Southwestern Water District, Case No. 04-1103-PWD-PW (Commission Order, September 21, 2004). The Commission has also denied a request that an extension be deemed in the ordinary course, however, when engineering concerns were present and funding was uncertain. Raleigh County Public Service District, Case No. 02-0523-PWD-P (Commission Order, April 25, 2003). In the present Grant PSD case, the Commission is persuaded that the proposed project constitutes an in-kind replacement of existing facilities in the usual course of business and that the costs are reasonable.

The Commission will grant approval pursuant to W. Va. Code § 16-13A-25 for the Grant PSD to accept the above described WVIJDC construction loan.

FINDINGS OF FACT

1. Grant PSD filings indicate that the planned project will repair and replace existing equipment and facilities.

2. The petition and the October 21, 2010 Staff recommendation describe aspects of the proposed project relevant to a conclusion that a certificate is not necessary.

3. Grant PSD seeks Commission approval to accept a construction loan for the project from the WVIJDC in the amount of $115,000 for a term of thirty years at one percent interest.

CONCLUSIONS OF LAW

1. Because the planned construction will involve the in-kind repair or replacement of existing facilities at a reasonable cost and with no associated rate increase, Grant PSD is not required to apply for a certificate of convenience and necessity pursuant to W. Va. Code § 24-2-11.

2. Pursuant to W. Va. Code § 16-13A-25, the Commission should approve the Grant PSD acceptance of a construction loan in the amount of $115,000 for a thirty year term at a one percent interest rate.

ORDER

IT IS THEREFORE ORDERED that Grant PSD is not required to apply for a certificate of convenience and necessity for the replacement and repair of existing facilities as described in its petition.

IT IS FURTHER ORDERED that the Commission approves the Grant PSD acceptance of a construction loan from the WVIJDC in the amount of $115,000 for a term of thirty years at one percent interest, to finance the construction costs to replace its existing Hedrick Hill booster station with new equipment and appurtenances .

IT IS FURTHER ORDERED that upon entry of this Order this case shall be removed from the Commission docket of open cases.

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, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and upon Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

JML/tt
101487c.wpd

EXHIBIT 4

WEST VIRGINIA

Infrastructure & Jobs Development Council

cc 3 Bm's
Rd
O/C Sherry
Ret 2 GN
9-17-10

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

September 1, 2010

Patricia Kitzmiller, Chairperson
Grant County Public Service District
P.O. Box 806
Petersburg, WV 26847

Re: Grant County PSD (Hedrick Hill)
2010W-1203 Binding Commitment
(Action Required by September 30, 2010)

Dear Ms. Kitzmiller:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund loan of approximately $115,000 (Loan) to the Grant County Public Service District (District) for the above referenced water project (Project). 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 District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. Prepare and submit the Preliminary Title Opinion no later than September 30, 2010;

b. Advertise for bids no later than December 31, 2010. (The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the Development Authority becomes aware that it will not meet one or more of the schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

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

www.wvinfrastructure.com

The Water Development Authority (Authority), on behalf of the Infrastructure Council, will enter into Loan agreements with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction and financing of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; evidence of compliance with the WV Jobs Act; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person or member of the Infrastructure Council or Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this commitment, please contact James W. Ellars at 304-558-4607 (X201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure – Water Technical Review Committee comments

cc: Bob DeCrease, P.E., BPH (w/o enclosure) *(via e-mail)*
Samme Gee, Jackson Kelly (w/o enclosure) *(via e-mail)*
Mark C. Geary, P.E., P.S., Geary Associates
Terry Lively, Region VII Planning & Development Council

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: Patricia H. Kitzmiller

Its: Chairman

Date: Sept. 17, 2010

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Grant County Public Service District
Water Project 2010W-1203

SCHEDULE A

A. Approximate Amount: $115,000 Loan

B. Loan: $115,000

1. Maturity Date: 30 years from date of closing.
2. Interest Rate: 1%
3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition.
4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.
5. Special Conditions: None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C. Other Funding: None

D. Total Project Cost: $115,000

E. Proposed User Rates: Approximately $42.41 / 4000 gallons

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 22nd day of March, 2011, 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 Grant County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $115,000, numbered BR-1 (the "Series 2011 B Bonds"), issued as a single, fully registered Bond, and dated March 22, 2011.

2. At the time of such receipt, all the Series 2011 B Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2011 B Bonds, of $16,500, being a portion of the principal amount of the Series 2011 B Bonds. The balance of the principal amount of the Series 2011 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

02.18.11
349590.00002

5680680

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 22nd day of March, 2011, there are delivered to you herewith:

(1) Bond No. BR-1, constituting the entire original issue of Grant County Public Service District Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in the principal amount of $115,000 (the "Series 2011 B Bonds"), dated March 22, 2011 (the "Bonds"), executed by the Chairman and Secretary of Grant 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 March 10, 2011, and a Supplemental Resolution duly adopted by the Issuer on March 10, 2011 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2011 B Bonds, dated March 22, 2011, 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"); and

(4) Executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2011 B Bonds to the Authority upon payment to the Issuer of the sum of $16,500, representing a portion of the principal amount of the Series 2011 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

02.18.11
349590.00002

5680678

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2011 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $115,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 22nd day of March, 2011, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 HUNDRED FIFTEEN THOUSAND DOLLARS ($115,000), 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 September 1, 2012, to and including June 1, 2042 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest of 1% payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including June 1, 2042 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 March 22, 2011.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on March 10, 2011, and a Supplemental Resolution duly adopted by the Issuer on March 10, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1976 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $350,000 (THE "SERIES 1976 BONDS"); (2) WATER REVENUE BONDS, SERIES 1984 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1984 BONDS"); (3) WATER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $209,000 (THE "SERIES 1990 BONDS"); (4) WATER REVENUE BONDS, SERIES 1991 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1991 BONDS"); (5) WATER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $130,000 (THE "SERIES 1993 BONDS"); (6) WATER REVENUE BONDS, SERIES 1999 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINICIPAL AMOUNT OF $1,850,000 (THE "SERIES 1999 BONDS"); (7) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRIGINA INFRASTRUCTURE FUND), DATED JULY 28, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,833,369 (THE "SERIES 2005 A BONDS"); AND (8) WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 27, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2008 A BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $328,300 (THE "SERIES 2011 A BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2011 A Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 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 2011 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to

the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2011 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: March 22, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $16,500.00	03/22/11	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

$115,000

Grant County PSD

IF

1% Interest Rate

30 Years

Dated Date	3/22/2011
Delivery Date	3/22/2011

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2012	823	1.000%	287.50	1,110.50
12/1/2012	825	1.000%	285.44	1,110.44
3/1/2013	827	1.000%	283.38	1,110.38
6/1/2013	829	1.000%	281.31	1,110.31
9/1/2013	831	1.000%	279.24	1,110.24
12/1/2013	833	1.000%	277.16	1,110.16
3/1/2014	835	1.000%	275.08	1,110.08
6/1/2014	837	1.000%	272.99	1,109.99
9/1/2014	840	1.000%	270.90	1,110.90
12/1/2014	842	1.000%	268.80	1,110.80
3/1/2015	844	1.000%	266.70	1,110.70
6/1/2015	846	1.000%	264.59	1,110.59
9/1/2015	848	1.000%	262.47	1,110.47
12/1/2015	850	1.000%	260.35	1,110.35
3/1/2016	852	1.000%	258.23	1,110.23
6/1/2016	854	1.000%	256.10	1,110.10
9/1/2016	857	1.000%	253.96	1,110.96
12/1/2016	859	1.000%	251.82	1,110.82
3/1/2017	861	1.000%	249.67	1,110.67
6/1/2017	863	1.000%	247.52	1,110.52
9/1/2017	865	1.000%	245.36	1,110.36
12/1/2017	867	1.000%	243.20	1,110.20
3/1/2018	869	1.000%	241.03	1,110.03
6/1/2018	872	1.000%	238.86	1,110.86
9/1/2018	874	1.000%	236.68	1,110.68
12/1/2018	876	1.000%	234.49	1,110.49
3/1/2019	878	1.000%	232.30	1,110.30
6/1/2019	880	1.000%	230.11	1,110.11
9/1/2019	883	1.000%	227.91	1,110.91
12/1/2019	885	1.000%	225.70	1,110.70
3/1/2020	887	1.000%	223.49	1,110.49
6/1/2020	889	1.000%	221.27	1,110.27
9/1/2020	891	1.000%	219.05	1,110.05
12/1/2020	894	1.000%	216.82	1,110.82
3/1/2021	896	1.000%	214.59	1,110.59
6/1/2021	898	1.000%	212.35	1,110.35
9/1/2021	900	1.000%	210.10	1,110.10
12/1/2021	903	1.000%	207.85	1,110.85
3/1/2022	905	1.000%	205.59	1,110.59
6/1/2022	907	1.000%	203.33	1,110.33
9/1/2022	909	1.000%	201.06	1,110.06
12/1/2022	912	1.000%	198.79	1,110.79
3/1/2023	914	1.000%	196.51	1,110.51

BOND DEBT SERVICE

$115,000

Grant County PSD

IF

1% Interest Rate

30 Years

Period Ending	Principal	Coupon	Interest	Debt Service
6/1/2023	916	1.000%	194.23	1,110.23
9/1/2023	919	1.000%	191.94	1,110.94
12/1/2023	921	1.000%	189.64	1,110.64
3/1/2024	923	1.000%	187.34	1,110.34
6/1/2024	925	1.000%	185.03	1,110.03
9/1/2024	928	1.000%	182.72	1,110.72
12/1/2024	930	1.000%	180.40	1,110.40
3/1/2025	932	1.000%	178.07	1,110.07
6/1/2025	935	1.000%	175.74	1,110.74
9/1/2025	937	1.000%	173.40	1,110.40
12/1/2025	939	1.000%	171.06	1,110.06
3/1/2026	942	1.000%	168.71	1,110.71
6/1/2026	944	1.000%	166.36	1,110.36
9/1/2026	946	1.000%	164.00	1,110.00
12/1/2026	949	1.000%	161.63	1,110.63
3/1/2027	951	1.000%	159.26	1,110.26
6/1/2027	954	1.000%	156.88	1,110.88
9/1/2027	956	1.000%	154.50	1,110.50
12/1/2027	958	1.000%	152.11	1,110.11
3/1/2028	961	1.000%	149.71	1,110.71
6/1/2028	963	1.000%	147.31	1,110.31
9/1/2028	966	1.000%	144.90	1,110.90
12/1/2028	968	1.000%	142.49	1,110.49
3/1/2029	970	1.000%	140.07	1,110.07
6/1/2029	973	1.000%	137.64	1,110.64
9/1/2029	975	1.000%	135.21	1,110.21
12/1/2029	978	1.000%	132.77	1,110.77
3/1/2030	980	1.000%	130.33	1,110.33
6/1/2030	983	1.000%	127.88	1,110.88
9/1/2030	985	1.000%	125.42	1,110.42
12/1/2030	988	1.000%	122.96	1,110.96
3/1/2031	990	1.000%	120.49	1,110.49
6/1/2031	992	1.000%	118.01	1,110.01
9/1/2031	995	1.000%	115.53	1,110.53
12/1/2031	997	1.000%	113.05	1,110.05
3/1/2032	1,000	1.000%	110.55	1,110.55
6/1/2032	1,002	1.000%	108.05	1,110.05
9/1/2032	1,005	1.000%	105.55	1,110.55
12/1/2032	1,007	1.000%	103.04	1,110.04
3/1/2033	1,010	1.000%	100.52	1,110.52
6/1/2033	1,012	1.000%	97.99	1,109.99
9/1/2033	1,015	1.000%	95.46	1,110.46
12/1/2033	1,018	1.000%	92.93	1,110.93
3/1/2034	1,020	1.000%	90.38	1,110.38
6/1/2034	1,023	1.000%	87.83	1,110.83
9/1/2034	1,025	1.000%	85.27	1,110.27
12/1/2034	1,028	1.000%	82.71	1,110.71

BOND DEBT SERVICE

$115,000

Grant County PSD

IF

1% Interest Rate

30 Years

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2035	1,030	1.000%	80.14	1,110.14
6/1/2035	1,033	1.000%	77.57	1,110.57
9/1/2035	1,035	1.000%	74.98	1,109.98
12/1/2035	1,038	1.000%	72.40	1,110.40
3/1/2036	1,041	1.000%	69.80	1,110.80
6/1/2036	1,043	1.000%	67.20	1,110.20
9/1/2036	1,046	1.000%	64.59	1,110.59
12/1/2036	1,048	1.000%	61.98	1,109.98
3/1/2037	1,051	1.000%	59.36	1,110.36
6/1/2037	1,054	1.000%	56.73	1,110.73
9/1/2037	1,056	1.000%	54.09	1,110.09
12/1/2037	1,059	1.000%	51.45	1,110.45
3/1/2038	1,062	1.000%	48.81	1,110.81
6/1/2038	1,064	1.000%	46.15	1,110.15
9/1/2038	1,067	1.000%	43.49	1,110.49
12/1/2038	1,070	1.000%	40.82	1,110.82
3/1/2039	1,072	1.000%	38.15	1,110.15
6/1/2039	1,075	1.000%	35.47	1,110.47
9/1/2039	1,078	1.000%	32.78	1,110.78
12/1/2039	1,080	1.000%	30.09	1,110.09
3/1/2040	1,083	1.000%	27.39	1,110.39
6/1/2040	1,086	1.000%	24.68	1,110.68
9/1/2040	1,089	1.000%	21.96	1,110.96
12/1/2040	1,091	1.000%	19.24	1,110.24
3/1/2041	1,094	1.000%	16.51	1,110.51
6/1/2041	1,097	1.000%	13.78	1,110.78
9/1/2041	1,099	1.000%	11.04	1,110.04
12/1/2041	1,102	1.000%	8.29	1,110.29
3/1/2042	1,105	1.000%	5.53	1,110.53
6/1/2042	1,108	1.000%	2.77	1,110.77
	115,000		**18,253.96**	**133,253.96**

(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

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P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
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Writer's Contact Information

Hedrick Hill Project

March 22, 2011

Grant County Public Service District
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

Grant County Public Service District
Petersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Grant 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 $115,000 Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 22, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of 1% per annum, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including June 1, 2042, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on March 10, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 10, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (1) Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000 (the "Series 1976 Bonds"); (2) Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000 (the "Series 1984 Bonds"); (3) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original principal amount of $209,000 (the "Series 1990 Bonds"); (4) Water Revenue Bonds, Series 1991(United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000 (the "Series 1991 Bonds"); (5) Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of $130,000 (the "Series 1993 Bonds"); (6) Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of $1,850,000 (the "Series 1999 Bonds"); (7) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369 (the "Series 2005 A Bonds"); and (8) Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of $500,000 (the "Series 2008 A Bonds")

(collectively, the "Prior Bonds"), and Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) dated March 22, 2011, issued simultaneously herewith in the original aggregate principal amount of $328,300 (the "Series 2011 A Bonds") all in accordance with the terms of the Bonds and the Bond Legislation.

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

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from 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 enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

02.28.11
349590.00002

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JAMES PAUL GEARY
JAMES PAUL GEARY, II
PATRICIA L. KOTCHEK

MARY JANE GEARY (1982)

March 22, 2011

Grant County Public Service District
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)
Hedrick Hill Project

Grant County Public Service District
Petersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Grant County Public Service District, a public service district, in Grant County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2011 B Bonds dated March 22, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on March 10, 2011, as supplemented by the Supplemental Resolution duly adopted by the Issuer on March 10, 2011 (collectively, the "Bond Legislation"), orders of The County Commission of Grant County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). 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.

I am of the opinion that:

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

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes 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 ordinance, 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 County Commission of Grant County, the Bureau of Public Health, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 17, 2010 and Further Recommended Decision entered on November 22, 2010 which became a final order on December 12, 2010 in Case No. 10-0953-PWD-CN, approving the rates for the System. The Issuer has also received the Commission Order of the Public Service Commission of West Virginia entered on November 15, 2010 approving the financing for the Project. The time for appeal of the Orders has expired prior to the date hereof without any appeal.

7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the 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 or pledge of the Net Revenues therefor.

8. 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. All successful bidders have made the required provisions for all insurance and payment and performance bonds and I have verified such insurance policies and bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and 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 Agreements; and

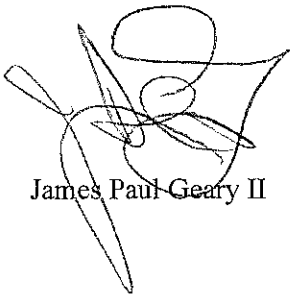
(5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

With kindest regards, I remain

Very truly yours,

GEARY AND GEARY, L.C.



James Paul Geary II

JPGII/gsm

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JAMES PAUL GEARY
JAMES PAUL GEARY, II
PATRICIA L. KOTCHEK

MARY JANE GEARY (1982)

March 22, 2011

West Virginia Infrastructure & Job Development Council
Charleston, WV

West Virginia Bureau for Public Health
Charleston, WV

West Virginia Water Development Authority
Charleston, WV

Re: Grant County Public Service District
Final Title Opinion
Hedrick Hill – IJDC Project Number: 2010W-1203
Replacing existing Simplex Booster Pump with
Duplex Booster Pump

Dear Ladies and Gentlemen:

This firm represents the Grant County Public Service District ("District") with regard to a proposed project to replace pumping systems of the existing Hedrick Hill Booster Station ("Hedrick Hill Project") together with all appurtenant facilities, ("Project") and provides this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Infrastructure & Jobs Development Council (the "IJDC") with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am 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 has the full power and authority to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. That the District has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am 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 for the Project prepared by Geary Associates, the consulting engineer for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Grant County, West Virginia, the county in which the Project is to be located, and, in my opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project 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 all 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.

Very truly yours,

GEARY AND GEARY, L.C.

James Paul Geary II

JPGII/smd

cc: Angie Curl, Region 8 Planning & Development Council
Samme Gee, Council for WVWDA
Grant County Public Service District
Mark C. Geary, Project Engineer
John Stump, Steptoe & Johnson, PLLC
James E. Ellar, WV Infrastructure and Jobs Council
Bruce Smith, US Environmental Protection Agency
Katy Mallory, Steptoe & Johnson, PLLC

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Grant County Public Service District in Grant County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify on this the 22nd day of March, 2011, in connection with the Issuer's Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted March 10, 2011, and the Supplemental Resolution duly adopted March 10, 2011 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or 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 pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project 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 obligations of the Issuer which will rank on a parity with the Series 2011 B Bonds as to liens, pledge and source of and security for payment, being the (1) Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000 (the "Series 1976 Bonds"); (2) Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000 (the "Series 1984 Bonds"); (3) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original aggregate principal amount of $209,000 (the "Series 1990 Bonds"); (4) Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000 (the "Series 1991 Bonds"); (5) Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of $130,000 (the "Series 1993 Bonds"); (6) Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of $1,850,000 (the "Series 1999 Bonds"); (7) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369 (the "Series 2005 A Bonds"); and (8) Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of $500,000 (the "Series 2008 A Bonds") (collectively, the "Prior Bonds") and the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated March 22, 2011, issued simultaneously in the original aggregate principal amount of $328,300 (the "Series 2011 A Bonds").

The Series 2011 A Bonds and the Series 2011 B Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. 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 consent of the Holders of the Prior Bonds to the issuance of the Series 2011 A Bonds and the Series 2011 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

Series 2011 B Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating and Enlarging the District and Public Service Commission Orders relating thereto

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes on Organizational Meeting

Minutes on Adoption of Bond Resolution, Supplemental Resolution, First Draw Resolution and Sweep Resolution

Environmental Health Services Permit

Evidence of Insurance

Prior Bond Resolutions

RUS Consent to Parity

WDA Consent to Parity

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Grant County Public Service District." The Issuer is a public service district duly created by

The County Commission of Grant County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Patricia Kitzmiller	January 11, 2005	November 30,2010
Barbara Smith	November 14, 2006	October 30, 2012
Leland T. Ours, Jr.	August 25, 2009	July 17, 2015

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2011 are as follows:

Chairman – Patricia Kitzmiller
Secretary – Barbara Smith

The duly appointed and acting Attorney for the Issuer is James Geary, Esquire, Petersburg, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. 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 is true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreement.

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.

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 17, 2010 and Further Recommended Decision entered on November 22, 2010 which became a Final Order on December 12, 2010 in Case No. 10-0953-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect.

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

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

14. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the the Commission Order of the Public Service Commission of West Virginia entered on November 15, 2010 in Case No. 10-1487-PWD-PC, among other things, approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Order is 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, numbered AR-1 dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said 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 is also impressed above the signatures appearing on this certificate.

16. BOND PROCEEDS: On the date hereof, the Issuer also received $16,500 from the Authority and the Council, being a portion of the principal amount of the Series 2011 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

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. 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.

21. 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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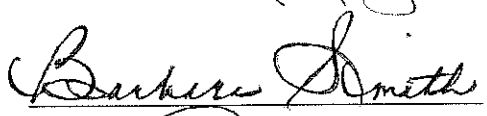
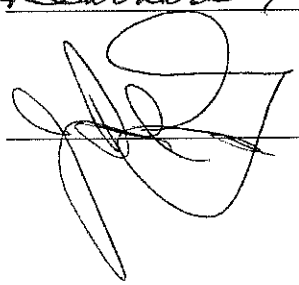
WITNESS our signatures and the official seal of GRANT COUNTY PUBLIC SERVICE DISTRICT on this day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

02.18.11
349590.00001

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Mark Geary, P.E., Registered Professional Engineer, West Virginia License No. 010250, of Geary Associates PLLC, Petersburg, West Virginia, hereby certify on this 22nd day of March, 2011 as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public waterworks facilities (the "System") of Grant County Public Service District (the "Issuer") to be constructed in Grant County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on March 10, 2011, as supplemented by Supplemental Resolution duly adopted on March 10, 2011 and the Loan Agreement for the Series 2011 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated March 22, 2011 (the "Loan Agreement").

2. The Series 2011 B Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds 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 West Virginia Bureau for Public Health ("BPH") and the Council and any change orders approved by the Issuer, the Council, the 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 thirty-two (32) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, James Geary, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (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 the 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 the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Griffith & Associates, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and 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 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 will serve no new customers.

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

(SEAL)

GEARY ASSOCIATES PLLC

Mark Geary, P.E.
West Virginia License No. 010250

SCHEDULE B--TOTAL PROJECT
GRANT COUNTY PUBLIC SERVICE DISTRICT
HEDRICK HILL WATER PROJECT
WVIJDC # 2010W-1203
COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Hedrick Hill Project Totals	GCPSD	WJIJDC Loan (Hedrick Hill) Series 2011 B
1. Construction			
Contract 1 (Hedrick Hill)	118,000.00	35,656.00	82,344.00
Contract 3 (Hedrick 3)	5,247.75	0.00	5,247.75
2. Technical Services (Geary)			
a. Study & report	0.00	0.00	0.00
b. Preliminary	0.00	0.00	0.00
c. Final Design	7,000.00	0.00	7,000.00
d. Bidding	0.00	0.00	0.00
e. Construction phase	4,000.00	0.00	4,000.00
f. Inspection	0.00	0.00	0.00
g. Post Construction	0.00	0.00	0.00
h. Additional Engineering	0.00	0.00	0.00
3. Legal			
a. Legal-Project (Geary)	3,000.00	0.00	3,000.00
b. Legal - Title (Geary)	0.00	0.00	0.00
c. Legal - PSC (Geary)	0.00	0.00	0.00
d. Legal - Rates (Geary)	0.00	0.00	0.00
4. Accounting (Michael Griffith)	3,500.00	0.00	3,500.00
5. Sites and Other Lands	0.00	0.00	0.00
6. Administration			
a. Administration (Region VIII)	0.00	0.00	0.00
b. miscell:	0.00	0.00	0.00
c. Permits	0.00	0.00	0.00
7. Construction Contingency (Hedrick Hill)	6,908.25	0.00	6,908.25
8. Total of Lines 1 through 7	147,656.00	35,656.00	112,000.00
B. Cost of Financing			
9. Funded Reserve	0.00	0.00	0.00
10 Bond Counsel (Steptoe& Johnson)	2,500.00	0.00	2,500.00
11 Bank Registrar Fee	500.00	0.00	500.00
12 Total Cost of Financing	3,000.00	0.00	3,000.00
13 TOTAL PROJECT COST (line 8 plus line 12)	150,656.00	35,656.00	115,000.00
C. Sources of Funds			
14 Federal Grants: (SAP)	0.00	0.00	0.00
15 State Grants	0.00	0.00	0.00
16 Other Grants (Local)	0.00	0.00	0.00
17 Other Grants (Local) GCPSD	35,656.00	35,656.00	0.00
18 TOTAL GRANTS (lines 14-17)	35,656.00	35,656.00	0.00
19 Size of Bond Issue (line 13 minus Line 18)	115,000.00	0.00	115,000.00

GRANT COUNTY PUBLIC SERVICE DISTRICT — March 22, 2011 Date

Geary & Associates — March 22, 2011 Date

March 1, 2011

Grant County Public Service District
Water Revenue Bonds, Series 2011 A; and
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

Grant County Public Service District
Petersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

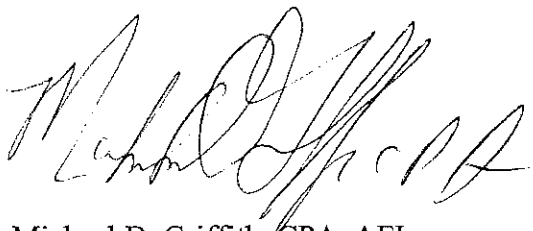
Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered on November 17, 2010 and Further Recommended Decision entered on November 22, 2010 which became a Final Order on December 12, 2010 in Case No. 10-0953-PWD-CN and the current operation and maintenance expenses and customer usage as furnished to us by Grant County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's: Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) issued in the principal amount of $328,300; and Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund) issued in the principal amount of $115,000 (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's: (1) Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000; (2) Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000; (3) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original principal amount of $209,000; (4) Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000; (5) Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original principal amount of $130,000; (6) Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original principal amount of $1,850,000; (7) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369; and (8) Water Revenue

Michael D. Griffith, CPA, AFI
michaelgriffithcpa@verizon.net
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original principal amount of $500,000 (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 2011 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds, the Series 2011 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2011 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 2011 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 2011 A Bonds.

Very truly yours,



Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Grant County Public Service District in Grant County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $115,000 Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, dated March 22, 2011 (the "Bonds"), hereby certify this 22nd day of March, 2011 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 March 10, 2011 (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 March 22, 2011, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2011 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2011 B Bonds were sold on March 22, 2011, to the Authority, pursuant to a loan agreement dated March 22, 2011, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $115,000 (100% of par), at which time, the Issuer received $16,500 from the Authority and the Council, being the first advance of the principal amount of the Series 2011 B Bonds. No accrued interest has been or will be paid on the Series 2011 B

Bonds. The balance of the principal amount of the Series 2011 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2011 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance 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 at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction 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 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 June 1, 2012. The acquisition and construction of the Project is expected to be completed by November 1, 2011.

8. The total cost of the Project is estimated at $150,656. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2011 B Bonds	$115,000
Contribution from the Issuer	$ 35,656
Total Sources	$150,656
USES	
Costs of Acquisition and Construction of the Project	$147,656
Costs of Issuance	$ 3,000
Total Uses	$150,656

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2011 B Bonds:

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

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

(3) Series 2011 B Bonds Construction Trust Fund;

(4) Series 2011 B Bonds Sinking Fund; and

(5) Series 2011 B Bonds Reserve Account.

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

(1) Series 2011 B Bond proceeds in the amount of $-0- will be deposited in the Series 2011 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2011 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 2011 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2011 B Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2011 B Bonds will be deposited in the Series 2011 B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2011 B Bonds and related costs.

11. Monies held in the Series 2011 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2011 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2011 B Bonds Sinking Fund and Series 2011 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 B Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 7 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 2011 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2011 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 13 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2011 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2011 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2011 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year. Monies in the Series 2011 B Bonds Reserve Account and the Series 2011 B Bonds Sinking Fund will be used solely to pay principal of and interest on each series of the Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2011 B Bonds, (b) are to be sold pursuant to a common plan of financing together with the 2011 B Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

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

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

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

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

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GRANT COUNTY PSD

1968

Filed 3-27-68 Elton Mollison Clerk

IN THE COUNTY COURT OF GRANT COUNTY, WEST VIRGINIA

IN RE: PROPOSED DORCAS PUBLIC SERVICE DISTRICT

PETITION FOR THE CREATION OF A PUBLIC SERVICE DISTRICT FOR WATER SERVICES AS PROVIDED FOR IN SECTION 2 ARTICLE 13-A OF CHAPTER 16 OF THE CODE OF WEST VIRGINIA

petition for creation of ~~Grant Co~~ PSD Dorcas

TO THE HONORABLE COUNTY COURT OF GRANT COUNTY, WEST VIRGINIA

The petition of the undersigned legal voters, resident within and owning real property within the limits of the proposed Dorcas Public Service District, said district being bounded roughly by U. S. 220 on the West commencing at the intersection of the corporate line of City of Petersburg and running South to the Pendleton-Grant Counties line; on the South by the Pendleton and Grant County lines to a point of the intersection with the County line of Hardy County, and on the East with the County line between Hardy and Grant Counties in a Northerly direction to its intersection with the South Branch of the Potomac River and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the beginning. The proposed Dorcas Public Service District is shown more particularly by a map or plat which is attached hereto and made a part hereof.

Your petitioners respectfully request the Court to create a Public Service District for water services in the described area, and further request the Honorable Court to fix a date for hearing in the said County of Grant, State of West Virginia, to cause notice of such hearing to be given proper publication, and to hear argument for and against the said proposed Public Service District. It is understood that if the construction of the water distribution system appears feasible we would be willing to pay $20.00 to a Loan stabilization fund and a minimum monthly water bill to be approved by the Public Service Commission of West Virginia or not more than $7.50 for the first 3000 gallons.

2

NAME	ADDRESS
Edward Barr	Petersburg W.Va.
Fred Hinkle	Petersburg W.Va.
Lettie M. Sites	Petersburg W.Va.
Robert A. Smith	Dorcas W.Va.
Ralph E. Hinkle	Petersburg, W.Va.
[illegible] Weeks	Petersburg W.Va.
[illegible]	Petersburg W.Va.
Lawrence J. Hinkle	Petersburg W.Va.
Virgil J. Hines	Dor
[illegible]	Rough Run [illegible]
Holmes E. Hinkle	Dorcas
Luther Thorn	Petersburg W.Va. R1 Box 48
[illegible] Passmore	Dorcas W.Va.
Clifton Bergdoll	Petersburg, W.Va.
Glenn Thorne	Petersburg, W.Va.
Raymond Maury	Petersburg, W.Va.
Lecarl Sites	Petersburg W.Va. R1 Box 58
Margie Hinkle +	Petersburg W.Va.
Walt [illegible]	Petersburg W.Va.
Thomas M. Scott	Petersburg W.Va.
Vista S. Riggleman	Petersburg W.Va.
Larkin B. O'Hare	Dorcas W.Va.

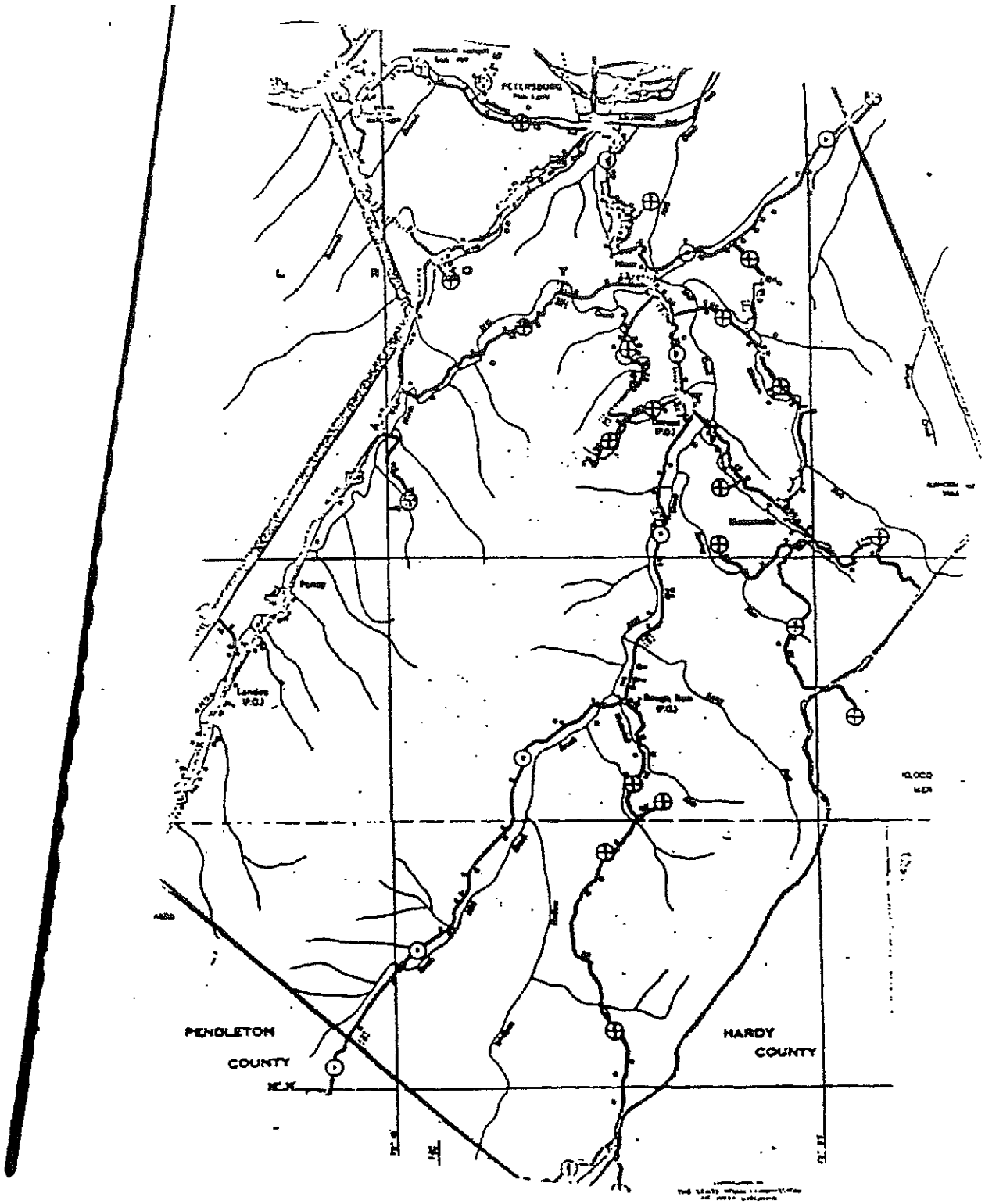
	NAME	ADDRESS
1	John A. Keplinger	Dorcas, W.Va.
2	Joseph K. Oates	Dorcas, W.Va.
3	Chester D. Sites	Petersburg, W.Va.
4	[illegible]	[illegible]
5	Earl Thorne	Petersburg, W.Va.
6	Arlie Bergdoll	Dorcas W.Va.
7	Elmer B. Sites	Petersburg, W.Va.
8	Millard Wiegner	[illegible]
9	Lincoln Sites	Dorcas W.Va.
10	Eugene Mitchell Jr.	Dorcas, W.Va.
11	Curry Shoke	Petersburg West Va.
12	Annie Dumphey	Dorcas West Va.
13	Raymond R. Kinder	Dorcas W.Va.
14	Hazel T. Crites	Dorcas, W.Va.
15	Pauline & John Alt	Westminster, Md
16	Otto Crites	Dorcas, W.Va.
17	[illegible]	Petersburg, W.Va.
18	John Wm. Parsons	Dorcas, W.Va.
19	[illegible]	Dorcas, W.Va.
20	[illegible] Shoke	Dorcas, W.Va.
21	Lithe Strawderman	Dorcas W.Va.
22	[illegible]	Dorcas W.Va.
23	Walter Yonge	Dorcas W.Va.
24	Eugene E. Sites	Box 64 Petersburg, W.Va.
25	[illegible] Bergdoll	Dorcas W.Va.
26	Ray Crites	Petersburg W.Va.
27	Harvey Whetzel	Dorcas, W.Va.
28	Vance Hines	Dorcas W.Va.
29	Marietta Smalling	Dorcas, W.Va.
30	Elizabeth Vance	Dorcas W.Va.
31	Albert Parsons	Dorcas, W.Va.
32	Dwight Runion	Dorcas W.Va.
33	Curry Whetzel	Dorcas W.Va.

	NAME	ADDRESS
34	Mr Glenn H. Vance	Dorcas, W. Va.
35	Mr Bennie W Thorn	Dorcas W Va.
36	Jarrol W. Smith	Dorcas, W Va.
37	Nettie Jenkins	Dorcas W Va.
38	Stanley Kettenmann	Dorcas W Va.
39	J Clifton Thorn	Dorcas W Va
40	Larry Vance	Dorcas W Va
41	Jackson C Vance	Dorcas W Va
42	Roy E. Crites	Dorcas W Va.
43	Joseph B Kopligan	Dorcas W Va

NAME	ADDRESS
Paul V. Inman	Petersburg W. Va.
Robert [illegible]	Petersburg W. Va.
[illegible]	Petersburg W. Va.
[illegible]	Petersburg W. Va.
[illegible]	Petersburg W. Va.
Johnny M. Sites	Petersburg W. Va.
Mrs Vernon E. Harman Sr.	Petersburg W. Va.
[illegible] E. Mas[illegible]	Petersburg W. Va.
Mrs Ray [illegible]	Petersburg W. Va.

NAME	ADDRESS
[illegible]	Petersburg W. Va.
Ted Mongold	Petersburg W. Va.
Glenn Ours	Petersburg W. Va.
[illegible]	Petersburg W. Va.
[illegible]	Petersburg W. Va.
Richard Redman	Petersburg W. Va.
Charles Redman	Petersburg W. Va.
Carl Stone	Petersburg W. Va.
Orville Redman	Petersburg W. Va.
George Galt	Petersburg W. Va.
John J. Crites	Petersburg W. Va.
Mary Lee Ours	Petersburg W. Va.
Harry L. Smith	Dorcas - W. Va.
Clyde Woods	Petersburg W. Va.
Maggie M. Whetzel	Petersburg W. Va.
Olie Whetzel	Petersburg W. Va.
Lemuel Whetzel	Petersburg W. Va.
Mary [illegible]	Dorcas W. Va.
[illegible]	Petersburg W. Va.
[illegible]	Petersburg W. Va.
[illegible]	Petersburg W. Va.
Roscoe Kite	Dorcas W. Va.
[illegible]	Petersburg W. Va.
[illegible]	[illegible] W. Va.
Bettie Washington	Petersburg W. Va.
Rose Washington	Petersburg W. Va.
Freda Gilmore	Petersburg W. Va.
George W. Bell	Petersburg W. Va.
Mary M. Kaplinger	Petersburg W. Va.
Robert C. Smith	Dorcas W. Va.
David V. Bell	Petersburg W. Va.
Orville Sites	Petersburg W. Va.
Mrs. Harry Jolly	Rugby Run, W. Va.

NAME	ADDRESS
Edwin R. Thompson	Petersburg, W. Va.
Pauline B. Reel	Rough Run, W. Va.


PENDLETON
COUNTY
HARDY
COUNTY

State of West Virginia,

County of Grant, to-wit:

I, Harold G. Hiser, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that the foregoing is a true and complete copy of the Petition for the Creation of Dorcas Public Service District as the same appears on file in my office in the Dorcas Public Service District file.

Given under my hand and seal this the 21st day of June, 1989.

CLERK COUNTY COMMISSION

SEAL

3/27/68

order setting public hearing for creation

A RESOLUTION AND ORDER fixing a date of hearing on the creation of a proposed public service district within Grant County, West VIrginia; and providing for the publication of a notice of such hearing.

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of GRant County, West VIrginia, a petition to this County Court, praying that this County Court, upon their own motion create a public service district within Grant County, West Virginia; and

WHEREAS, said County Court Clerk has presented such petition to this County Court at this meeting; and

WHEREAS, Pursuant to the provisions of ARticle 13A of Chapter 16 of the West Virginia Code this County Court duly moved, seconded and passed a motion calling for a resolution and order fixing a date for hearing on the creation of a public service district within Grant COunty, West Virginia, and providing for the publication of a notice of such hearing.

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

Section 1. That the County Court of Grant County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said COunty Court Clerk to this County COurt a petition for the creation of a public service district within Grant County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and the name of the proposed public service district and further declares that a motion calling for ahearing on the creation of said public service district and the publication of a notice of such hearing as by law required has been duly passed by said County Court.

Section 2. That said petition, among other things, states as follows:

(a) The name and corporate title of said public service district shall be "The Dorcas Public Service District."

(b) The territory to be embraced in said public service district shall be as follows:

"The proposed district is bounded roughly by U. S. Route 220 on the West commencing at intersection of the corporate line of the City of PEtersburg and running South to the Pendleton-Grant County lines; on the South by the Pendleton and GRant County lines to a point of intersection with the County line of Hardy County; and on the East with the County line between Hardy and Grant County in a Northerly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the beginning."

(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water and sewerage services within such territory and also outside such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3. That on April 25, 1968, at the hour of 7:00 p.m., this County Court shall meet in the County Court House at Petersburg,West VIrginia, for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall

consider and determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on April 18, 19 68, in the Grant County Press, a newspaper of general circulation published in Grant County:

NOTICE OF A HEARING ON A PETITION FILED REQUESTING THE CREATION OF A PUBLIC SERVICE DISTRICT FOR WATER SERVICES TO BE KNOWN AS DORCAS PUBLIC SERVICE DISTRICT AS PROVIDED FOR IN SECTION 2, ARTICLE 13-A, CHAPTER 16 OF THE CODE OF WEST VIRGINIA

Notice is hereby given that the County Court of Grant County, West Virginia, will hold a public hearing on the advisability of creating a public corporation to be known as the Dorcas Public Service District. All residents of the county are hereby notified that there was filed with the County Court a petition by several legal voters residing herein and owning real estate within the proposed Dorcas Public Service District requesting that the court create a Public Service District for water services herein the area hereinafter described.

The proposed district is bounded roughtly by U. S. Route 220 on the West commencing at intersection of the corporate line of the City of PEtersburg and running South to the Pendleton-Grant County lines; on the South by the Pendleton and Grant County lines to a point of intersection with the County line of Hardy County; and on the East with the COunty line between Hardy and Grant COunty in a Northernly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the beginning. A map of said proposed district has been filed with the petition and is available for inspection by any interested parties prior

to said hearing date in the Office of the Clerk of the County Court of Grant County, West Virginia.

You are further advised that 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 or against its creation. That the court shall at that time consider and determine the feasibility of the creation of such district. Said hearing shall be conducted on April 25th at 7:00 p.m. on that day at the Court House in Petersburg, Grant County, West Virginia, at which time all interested parties are advised to be present and to be heard.

By Order of the County Court this 27th day of March, 19 69.

Elton M. Hiser
County Court Clerk

ADOPTED BY THE COUNTY COURT this 27th day of March, 19 69.

C. F. Fetzer
President

ATTEST:
Elton M. Hiser
Clerk

State of West Virginia,

County of Grant, to-wit:

I, Harold G. Hiser, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that the foregoing is a true and complete copy of the Resolution and Order fixing a date of hearing on the creation of the Dorcas Public Service District, as the same appears on record in my office in County Commission Order Book 8, Page 348.

Given under my hand and seal this the 21st day of June, 1989.

Harold G. Hiser
CLERK COUNTY COMMISSION

3/27/68
minutes

The County Court of Grant County, West Virginia, met this day in regular session held this the 27th day of March, 1968, at 10:00 a.m. pursuant to the call of Ralph L. Dotson, President, Theodore C. Hamrick, Commissioner, and Evers O. Bergdoll, COmmissioner, said call being;

To consider a petition of residents and property owners of the Dorcas, WEst Virginia, area asking that the Court, upon their own motion, create a public service district in the area therein described, and to adopt a proposed resolution and enter a proper order fixing a date of hearing for the creation of said public service district as set forth in said petition and to provide for the publication of a note of such hearing.

The meeting was called to order and the roll being called there was present Ralph L. Dotson, President, presiding, and the following named commissioners:

Theodore C. Hamrick

Evers O. Bergdoll

And were absent: None

Ralph L. Dotson introduced and caused to be read a proposed resolution and order entitled:

A resolution and order fixing a date of hearing on the creation of a public service district within Grant County, West Virginia; and providing for the publication of a notice of such hearing;

and moved that all rules otherwise requiring deferred consideration be suspended and said proposed resolution and order be adopted. Evers O. Bergdoll seconded the motion and after due consideration the President put the question on the motion, and the roll being called the following voted:

Aye: Ralph L. Dotson
Theodore C. Hamrick
Evers O. Bergdoll

Nay: None

Whereupon the president declared the motion duly carried and said resolution and order duly adopted on motion and vote, the meeting was thereupon adjourned.

Elton M Hiser
Clerk

R. L. Dotson
President

State of West Virginia,

Grant County to-wit:

I, Elton M. Hiser, Clerk of the County Court of Grant County, West Virginia, do hereby certify that the foregoing is a true and complete copy of the Resolution and Order creating the Dorcas Publ: Service District as the same appears of record in County Court Order Book No. 8 at page 350.

Given under my hand and the seal of the County Court of Grant County, West Virginia, this the 14th day of March, 1972.

E. M. Hiser
CLERK COUNTY COURT.

1968

Certificate of Publication

State of West Virginia,

County of Grant, to-wit:

The undersigned hereby certifies that the annexed notice was duly published in the

GRANT COUNTY PRESS

a weekly newspaper published at Petersburg, in Grant County, West Virginia, for 1 consecutive weeks ending on the 4th day of April 1968

GRANT COUNTY PRESS

By [illegible]

Publishing Notice	$16.94
Hand Bills	
Miscellaneous	
Total	$16.94

Notice of Public hearing

Notice of a Hearing on a Petition Filed Requesting the Creation of a Public Service District for Water Services to be Known as Dorcas Public Service District as Provided For in Section 2, Article 13-A, Chapter 16 of the Code of West Virginia:

Notice is hereby given that the County Court of Grant County, West Virginia, will hold a public hearing on the advisability of creating a public corporation to be known as the Dorcas Public Service District. All residents of the county are hereby notified that there was filed with the County Court a petition by several legal voters residing herein and owning real estate within the proposed Dorcas Public Service District requesting that the court create a Public Service District for water services herein the area hereinafter described.

The proposed district is bounded roughly by U. S. Route 220 on the West commencing at intersection of the corporate line of the City of Petersburg and running South to the Pendleton-Grant County lines; on the South by the Pendleton and Grant County lines to a point of intersection with the County line of Hardy County; and on the East with the County line between Hardy and Grant County in a Northerly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the beginning. A map of said proposed district has been filed with the petition and is available for inspection by any interested parties prior to said hearing date in the Office of the Clerk of the County Court of Grant County, West Virginia.

You are further advised that 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 or against its creation. That the court shall at that time consider and determine the feasibility of the creation of such district. Said hearing shall be conducted on May 9th, 1969, at 10:00 A. M. on that day at the Court House in Petersburg, Grant County, West Virginia, at which time all interested parties are advised to be present and to be heard.

Respectfully notified this the 27th day of March, 1968.

[illegible] M. [illegible], Clerk of the County Court.

4-17-1t

4/25/68

order creating Dorcas PSD

A RESOLUTION AND ORDER creating
THE DORCAS PUBLIC SERVICE DISTRICT
in Grant County, West Virginia

WHEREAS, the County Court of GRant County, West Virginia, did heretofore by a resolution and order adopted on the 27th day of January, 1968 fix a date for a public hearing on the creation of the proposed Dorcas Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order by Section 2, Article 13A, Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed advisable by said County Court to adopt a resolution and order creating said district:

NOW, THEREFORE, It is hereby resolved and ordered by the County Court of GRant County, West Virginia, as follows:

Section 1. That a public service district within Grant County, WEst Virginia, is hereby created and said district shall have the following described boundaries:

The proposed district is bounded roughly by U. S. Route 220 on the WEst commencing at intersection of the corporate line of the City of Petersburg and running South to the Pendleton-Grant County lines; on the South by the Pendleton and Grant County lines to a point of intersection with the County line of HArdy County; and on the East with the County line between Hardy and Grant County in a Northernly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the Beginning.

A map of the said district has been filed with the Court and is contained among the records of the Court proceedings in relation to this matter.

Section 2. That said public service district so created shall have the name and corporate title of the Dorcas Public Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of WEst Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Grant County, West Virginia, has determined that the territory herein described is so situate that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT April 25

1961.

President

Attest:

Clerk

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Petersburg, West Virginia, this 25th day of April, 1968.

Ellen M. Hiser
County Court Clerk

State of West Virginia,

County of Grant, to-wit:

I, Harold G. Hiser, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that the foregoing is a true and complete copy of the Resolution and Order creating The Dorcas Public Service District as the same appears on record in my office in County Commission Order Book 8, Page 350.

Given under my hand and seal this the 21st day of June, 1989.

Harold G. Hiser
CLERK COUNTY COMMISSION

Jan 14, 1971

Order creating Maysville PSD

A RESOLUTION AND ORDER CREATING THE MAYSVILLE PUBLIC SERVICE DISTRICT IN GRANT COUNTY, WEST VIRGINIA

WHEREAS, the County Court of Grant County, West Virginia, did heretofore by a resolution and order adopted on the 10th day of December, 19 70, fix a date for a public hearing on the creation of the proposed Maysville Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order by Section 2, Article 13A, Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed advisable by said County Court to adopt a resolution and order creating said district:

NOW, THEREFORE, it is hereby resolved and ordered by the County Court of Grant County, West Virginia, as follows:

Section 1. That a public service district within Grant County, West Virginia, is hereby created and said district shall have the following described boundaries:

BEGINNING at a point dissected by the bridge on West Virginia Grant County Highway Map 79° 10' North 39° 10' W the following said 39° 10' grid to West Virginia State Highway 42, thence following the general boundary of State Highway 42 in a Southeasternly direction to Highway 42/4, thence following 42/4 to 42/5 to Klines Gap, thence in a Northernly direction following the general boundary of 42/5 to 42/7, thence following 42/7 in an Easternly direction to the Patterson Creek Road commonly known as West Virginia Highway 5, thence following West Virginia Highway 5 in a Northernly direction to the intersection of Highway 3/4, thence with the general boundary of Highway 3/4 in a Northwesternl direction crossing Highway 3 to the Northsouth grid 79° 10', thence with the Northsouth grid 79° 10' North to the BEGINNING.

A map of the said district has been filed with the Court and is contained among the records of the Court proceedings in relation to this matter.

Section 2. That said public service district so created shall have the name and corporate title of the Maysville Public Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service district by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Grant County, West Virginia, has determined that the territory herein described is so situate that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said public servide district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT January 14, 19 71.

F. C. Hamrick
President

ATTEST:

Elton McHiser
Clerk

IN WITNESS WHEREOF, I have hereunto affixed my offic signat... and seal of said Court at Petersburg, West Virginia, th 14 y of January, 19 71.

Elton McHiser
County Court Clerk

State of West Virginia,

County of Grant, to-wit:

I, Marc L. Harman, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that the foregoing is a true and complete copy of the Resolution and Order Creating The Maysville Public Service District as the same appears of record in my office in County Court Order Book No. 8 Page 440.

Given under my hand and the seal of the County Commission of Grant County, West Virginia, this the 30th day of August, 1976.

GRANT COUNTY COMMISSION

3/27/73

The undersigned, John G. VanMeter, being duly sworn, does depose and say that I am John G. VanMeter, Attorney for the Dorcas Public Service District; that I posted in five public places within said Public District as required by Chapter 16, Article 13A, Section 2 of the Code (as amended as of May 1, 1967) the following notice in the following form and effect.

"Notice of a Hearing on a Petition Filed Requesting the Creation of a Public Service District for Water Services to be Known as Dorcas Public Service District as Provided For in Section 2, Article 13-A, Chapter 16 of the Coce of West Virginia:

Notice is hereby given that the County Court of Grant County, West Virginia, will hold a public hearing on the advisability of creating a public corporation to be known as the Dorcas Public Service District. All residents of the county are hereby notified that there was filed with the County Court a petition by several legal voters residing herein and owning real estate within the proposed Dorcas Public Service District requesting that the court create a Public Service District for water services herein the area hereinafter described.

The proposed district is bounded roughly by U. S. Route 220 on the West commencing at intersection of the corporate line of the City of Petersburg and running South to the Pendleton-Grant County lines; on the South by the Pendleton and Grant County lines to a point of intersection with the County line of Hardy County; and on the East with the County line between Hardy and Grant County in a Northernly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the beginning. A map of said proposed district has been filed with the petition and is available for inspection by any interested parties prior to said hearing date in the Office of the Clerk of the County Court of Grant County, West Virginia.

You are further advised that all persons residing in, or owning, or having any interest inproperty, in such proposed public service district shall have an opportunity to be heard for or against its creation. That the court shall at that time consider and determine the feasibility of the creation of such district. Said hearing shall be conducted on May 9th, 1968, at 10:00 A.M. on that day at the Court House in Petersburg, Grant County, West Virginia, at which time all interested parties are advised to be present and to be heard.

Respectfully notified this the 27th day of March, 1968.

Elton M. Hiser, Clerk of the County Court."

Notice of Creation of Dorcas PSD

Given under my hand this the 3rd day of January, 1973.

John G. Vanleter

Taken, subscribed and sworn to before me by John G. Vanleter on this the 3rd day of January, 1973.

My commission expires [illegible]

Notary Public, Grant County, West Virginia.

9/12/1974

A RESOLUTION and ORDER
creating THE NORTH FORK
PUBLIC SERVICE DISTRICT
In Grant County, West Virginia

WHEREAS, the County Court of Grant County, West Virginia, did heretofore by a resolution and order adopted on the 22nd day of August, 197 fix a date for a public hearing on the creation of the proposed North Fork Public Service District and in and by said resolution and order provide that persons residing in or owning or having any interest in property in the prop public service district might appear before the County Court at this meetin and have the opportunity to be heard for and against the creation of said dis and

WHEREAS, Notice of this hearing was duly given in the manner provided and required by said resolution and order by Section 2, Article 13, Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters fo which such hearing was offered, and

WHEREAS, it is now deemed advisable by said County Court to ado a resolution and order creating said district:

NOW, THEREFORE, It is hereby resolved and ordered by the C Court of Grant County, West Virginia, as follows:

[illegible]
[illegible]
[illegible]

Section 1. That a public service dis[illegible]t within Grant County, W Virginia is hereby created and said district shall have the following describ boundaries:

"The proposed district is bounded [illegible] as follows: Beginning at th intersection of Grant-Pendleton County line and the South Branch Potomac River and following County line NW to intersection with Randolph County lin thence with Grant-Randolph County line to intersection with Tucker County li thence with Grant-Tucker County line to Bell Knob Lookout Tower; thence w latitude 39° 00' N, east to the intersection with boundary NE to approximate longitude 79° 10' W; thence a straight line from NE corner of Forest Service Boundary line to intersection of Route 28/10 and Highway 42; thence with Highway 42 and 28 to Petersburg corporate lines; thence with corporate line the South Branch Potomac River; thence upstream with River to the Beginnin The proposed North Fork Public Service District is shown on a General Highway Map of Grant County, prepared by the State Road Commission for t year 1966."

A map of the said district has been filed with the Court and is contain among the records of the Court proceedings in relation to this matter.

Section 2. That said public service district so created shall have name and corporate title of the North Fork Public Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service distric by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Grant County, West Virginia has determined that the territory herein described is so situate that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water an sewerage service s within such territory by said public service district wil conducive to the preservation of public health, comfort and convenience of s areas.

[illegible] PIFER, JR.
[illegible] AT LAW
[illegible], W. VA.

ADOPTED BY THE COUNTY COURT September 12, 1974.

President

ATTEST:

IN WITNESS WHEREOF, I have hereunto affixed by official signature and seal of said Court at Petersburg, West Virginia, this 12 day of September, 1974.

County Court Clerk

State of West Virginia,
County of Grant, to-wit:

I, Marc L. Harman, Clerk of the County Court of Grant County, West Virginia, do hereby certify that the foregoing is a true and complete copy of the order in the case of A Resolution and Order Creating the North Fork Public Service District as the same appears of record in my office in County Court Order Book No. 9 Page 366.

Given under my hand and the seal of the County Court of Grant County, West Virginia, this the 30th day of August, 1976.

CLERK COUNTY COURT

PRICE, JR.
ATTORNEY AT LAW
PETERSBURG, W. VA.

10/30/1975

IN THE COUNTY COMMISSION OF GRANT COUNTY, WEST VIRGINIA

RE: CONSOLIDATION OF THE MAYSVILLE AND NORTH FORK PUBLIC SERVICE DISTRICTS

Pursuant to Chapter 16, Article 13A, Section 2, of the Official Code of the State of West Virginia, as amended in 1975, the County Commission of Grant County, West Virginia, deems it necessary, feasible and proper to consolidate the Maysville and North Fork Public Service Districts into one District.

FURTHERMORE, the same shall combine and henceforth the boundaries shall conform to all the exterior boundaries as heretofore designated in the aforementioned public service districts, and

FURTHERMORE, the new District shall be called "THE GRANT COUNTY PUBLIC SERVICE DISTRICT", and shall cover all the County of Grant, excluding only the areas, as designated, "DORCAS PUBLIC SERVICE DISTRICT" and "MOUNTAIN TOP PUBLIC SERVICE DISTRICT".

Given under my hand this the 30th day of October, 1975.

O. Vernon Kepliger

O. Vernon Kepliger, PRESIDENT

Consolidate Maysville & North Fork & be called The Grant Co PSD

NOV. 7, 1975

IN THE COUNTY COMMISSION OF GRANT COUNTY, WEST VIRGINIA

RE: Grant County Public Service District

WHEREAS, the County Commission of Grant County, West Virginia, did heretofore by order entered on November 7, 1975, consolidated the North Fork Public Service District and the Maysville Public Service District into one district, to be known as "The Grant County Public Service District," and

WHEREAS, there is no city, incorporated town or other municipal corporation with a population in excess of 3,000 included within said district, it is provided by said Article 13A, Chapter 16 of the West Virginia Code that this County Commission shall appoint three members of said board, who shall be persons residing within the district;

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

SECTION 1: - That the County Commission of Grant County, West Virginia, hereby finds and determines that Albert Whetzel, Jr., Evelyn Ruddle, and Gerald Chaddock, are persons residing within the Grant County Public Service District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

Albert Whetzel, Jr., for a term of six years from the first day of the month in which this order is adopted:

Evelyn Ruddle, for a term of four years from the first day of the month in which this order is adopted; and

Gerald Chaddock, for a term of two years from the first day of the month in which this order is adopted.

SECTION 2 - The aforesaid persons shall meet as soon as practicable, at the Office of the Clerk of said County Commission and shall qualify by taking the oath of office, and thereafter said appointees constituting the initial public service board of the Grant County Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the West Virginia Code.

ADOPTED BY THE COUNTY COMMISSION November 7, 1975.

O. Vernon Keplinger
President

ATTEST: Marc L. Harman
Marc L. Harman
Clerk of Courts

State of West Virginia,

County of Grant, to-wit:

I, Marc L. Harman, hereby certify that I am the fully qualified and acting Clerk of the County Commission of Grant County, West Virginia, and that the aforegoing constitutes a true, correct and complete transcript of the proceedings of said County Commission as had under date of November 7, 1975, and resolutions and orders then adopted relating to the creation of the Grant County Public Service District, and appointment of members to the public service board of said district.

State of West Virginia

County of Grant, to-wit:

I, Albert Whetzel, Jr., do solemnly swear that I will support the Constitution of the United States, 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 Grant County Public Service District in compliance with Article 13A, of the West Virginia Code, in and for Grant County West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

Albert Whetzel Jr.

Subscribed and sworn to, before Marc L. Harman, Clerk of Grant County, West Virginia, this the 7th day of November, 1975.

Marc L. Harman

Marc L. Harman, CLERK OF COURTS

State of West Virginia

County of Grant, to-wit:

I, Evelyn Ruddle, do solemnly swear that I will support the Constitution of the United States, 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 Grant County Public Service District in compliance with Article 13A, of the West Virginia Code, in and for Grant County, West Virginia to the best of my skill and judgment, during my continuance in the same, SO HELP ME GOD.

Evelyn Ruddle

Subscribed and sworn to, before Marc L. Harman, Clerk of Grant County, West Virginia, this 7th day of November, 1975.

Marc L. Harman

Marc L. Harman, CLERK OF COURTS

State of West Virginia

County of Grant, to-wit:

I, Gerald Chaddock, do solemnly swear that I will support the Constitution of the United States, 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 Grant County Public Service District in compliance with Article 13A, of the West Virginia Code, in and for Grant County, West Virginia to the best of my skill and judgment, during my continuance in the same, SO HELP ME GOD.

Gerald Chaddock

Subscribed and sworn to, before Marc L. Harman, Clerk of Grant County, West Virginia, this 7th day of November, 1975.

Marc L. Harman

Marc L. Harman, CLERK OF COURTS

bpc

State of West Virginia

Grant County, to-wit:

I, Harold G. Hiser, Clerk of the County Commission of (
County, West Virginia, do hereby certify that the foregoing
a true and complete copy of the (Order) RE: Consolidation of the Maysville & North Fork Publ Service Dis
as the same appears of record in my office in Grant County Comm Order
Book No. 9 Page 502.

Given under my hand and the seal of the County Commiss
of Grant County, West Virginia this the 22nd day of June
19 90 .

Harold G. Hise
CLERK OF COUNTY COMMISSI

4/12/1990

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 12, 1990

FINAL

CASE NO. 89-344-PSWD-PC

GRANT COUNTY COMMISSION, Grant County.
Request for approval of County Plan
of Public Service Districts pursuant
to S.B. 191 and General Order No. 229.2.

5-6-90

ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURE

Pursuant to Senate Bill 191 enacted by the West Virginia Legislature on March 8, 1986, and the Public Service Commission's General Order No. 229.2, entered December 2, 1986, the Staff of the Public Service Commission (Commission) has performed a study of all public service districts in Grant County and has submitted its County Plan (Plan) to the Grant County Commission.

On June 7, 1989, the Commission received a written communication from the Grant County Commission (County Commission) indicating that the County Commission had passed a resolution on May 31, 1989, adopting the draft Plan for the County Commission, as prepared by the West Virginia Public Service Commission. The County Commission requested that the Commission continue to assist it in its efforts until a final plan had been completed and implemented.

By Order entered August 9, 1989, a hearing was set pursuant to General Order No. 229.2, to be held in the County Commissioners' Court Room, Grant County Court House, Petersburg, West Virginia, on Thursday, September 14, 1989, at 1:30 p.m., EDST, at which time and place the Commission would hear any pertinent comments regarding the Grant County Plan.

By Joint Staff Memorandum received August 28, 1989, Ronald E. Robertson, Jr., Staff Attorney, filed with this Commission a copy of the Grant County Plan Addendum (Addendum) which was accompanied by a Memorandum from Danny L. Ellis of the Public Service District Division. Mr. Robertson stated that the Addendum contained Staff's final revised recommendations, benefits of recommended actions and Cost Benefit Analysis supporting the revised recommendations in the Grant County Plan. On September 8, 1989, Danny L. Ellis, then Chief Utilities Manager, County Plans, Public Service District Division, and David H. Wagner, Chief Utilities Analyst, Public Service District Division, filed with the Executive Secretary prepared direct testimony concerning the Plan.

The hearing was convened as scheduled in Petersburg, West Virginia, at which time it came to the attention of the Administrative Law Judge that the public had not received proper notice of the Addendum to the Plan, which contained the Cost Benefit Analysis. At the hearing, three documents were introduced as County Commission Exhibit Nos. 1, 2 and 3, indicating that the Notice of Hearing had been published in The Grant County Press on the 5th day of September, 1989; that the Mountain Top Public Service District had received a copy of the Notice of Hearing and a copy of the County Plan; that the Grant County Public Service District and Dorcas Public Service District had also received a copy of the Notice of Hearing and a copy of the Grant County Plan; and that a supplemental resolution had been passed indicating that the County Commission had met with the Grant County Public Service District (Grant) and Dorcas Public Service (Dorcas) District on May 15, 1989, and reviewed the draft Plan for Grant County. The supplemental resolution further indicated that the Plan had been adopted by Mountain Top Public Service District (Mountain Top) on June 2, 1989. The hearing was continued generally to allow the County Commission a review period of six months in which to review the complete Public Service Commission Staff-prepared Plan, including the Cost Benefit Analysis contained in the Addendum.

By Joint Staff Memorandum received November 3, 1989, Ronald E. Robertson, Jr., Staff Attorney, filed the following documents with the Commission:

(1) A Certificate of Publication and Minutes of the Grant County Commission public hearing on September 18, 1989, regarding the County Plan Addendum;

(2) Letters from the Grant County PSD, Mountain Top PSD, and Dorcas PSD approving the County Plan Addendum;

(3) Minutes of the Grant County Commission meeting with Grant County PSD, Mountain Top PSD and Dorcas PSD on September 21, 1989;

(4) Affidavit of Posting and the Grant County Commission Resolution for the public hearing on September 28, 1989; and

(5) The Grant County Commission Resolution adopting the Grant County Plan.

Mr. Robertson also stated that the County Commission had requested a waiver of the remaining six-month review period and requested that the hearing be scheduled to comply with the Rules and Regulations for County Plans.

By Order entered December 5, 1989, the hearing was scheduled to be held in the Circuit Court Room, Grant County Court House, Petersburg, West Virginia, on Tuesday, January 16, 1990, at 1:30 p.m., EST. By Further Procedural Order entered December 13, 1989, the hearing was rescheduled to be held in the Circuit Court Room, Grant County Court House, Petersburg, West Virginia, on Wednesday, January 17, 1990, at 1:30 p.m., EST., and the

County Commission was required to publishing a copy of the order as a Class II legal advertisement in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Grant County, no earlier than thirty (30) days nor later than ten (10) days prior to January 17, 1990.

The hearing was held on January 17, 1990, as scheduled. Appearing on behalf of Commission Staff was Ronald E. Robertson, Jr., Esquire, Staff Attorney, Legal Division; and Danny L. Ellis, David H. Wagner and Amy Swann, Director, all of the Public Service District Division. Appearing on behalf of the County Commission was Lewis E. Enderly, Esquire, of the law firm of Steptoe and Johnson. No parties or persons appeared in protest to the Plan.

EVIDENCE

The first person to testify on behalf of Commission Staff was Danny L. Ellis, Chief Utilities Manager, Public Service District Division. Mr. Ellis sponsored the Plan and the Addendum, for the record, and adopted his prepared direct testimony as filed with the Commission on September 8, 1989. Mr. Ellis briefly described the Plan and stated that the sponsored documents were true and accurate to the best of his knowledge. (Tr., pp. 7-8).

Mr. Ellis' prepared testimony gave an overview of the Plan process and a brief summary of the enabling legislation which resulted in rules promulgated by the Public Service Commission governing the County Plan process. Mr. Ellis also addressed the techniques employed in completing the district field investigations, and the drafting, reviewing and completion of the County Plans. He testified that the specific goal of each Plan include the analysis of each public service district for the purpose of determining the cost-effective manner of providing and expanding water and sewer service. (Staff Exh. No. C, p. 4 of 22). The summary objective for each district is simply the cost-effective improvement of current management, operations and service. (Staff Exh. No. C, p. 5 of 22). Mr. Ellis stated that the Plans are county-wide only if a county's district covers the entire county and that private and municipal systems are excluded. (Staff Exh. No. C, p. 5 of 22). Mr. Ellis explained that the County Commission elected on July 28, 1986, to prepare its own Plan. Then on February 17, 1989, the County Commission informed the Commission Staff that it would unable to complete the Plan and asked that the Plan be prepared by the Commission Staff. The Plan was prepared and forwarded to the County Commission and the Districts within Grant County on May 3, 1989, with the case being open for formal review on June 7, 1989. (Staff Exh. No. C, pp. 7-8 of 22). A description was given on the review process of a County Plan draft and the methodology used in completing a Cost Benefit Analysis of consolidation, merger or centralization. (Staff Exh. No. C, pp. 14-22).

The next person to testify on behalf of Commission Staff was David H. Wagner, former Chief Utilities Analyst, Public Service District Division. Mr. Wagner adopted his prepared direct testimony as filed on September 8, 1989, and added a few minor corrections to the testimony. (Tr.,

pp. 11-13; Staff Exh. No. D). Mr. Wagner also sponsored a document entitled "Follow-Up Field Investigation" and made two minor changes in the document. (Tr., p. 15; Staff Exh. No. F). Mr. Wagner explained that the Addendum was primarily his responsibility and that it contained the final recommendations, and the Cost Benefit Analysis that would result from his recommendations. (Tr., p. 16). His final recommendation is that Grant and Dorcas Public Service Districts be consolidated, as opposed to merged. He also recommended that the northwest corner of the county, which is currently in Grant County Public Service District's territory be given to Mountain Top Public Service District and that Mountain Top should not be included in the consolidation. (Tr., pp. 17-18). Mr. Wagner explained that the reason that the Commission Staff recommended that Mountain Top not become a part of the consolidation of Dorcas and Grant was due to the distance between Mountain Top and the other two Public Service Districts, and that the Cost Benefit Analysis shows that there would be no cost-savings in consolidating all the districts. (Tr., pp. 18-19). Mr. Wagner further stated that based upon his economic analysis of the Public Service Districts in Grant County that he believed that consolidation of Dorcas and Grant was in the best interest of the citizens, inasmuch as he believed that the consolidation would result in fewer rate increases and more efficient operation, the elimination of one office and board of directors. (Tr., p. 19-20).

Mr. Wagner's prefiled direct testimony consisted of eighteen (18) pages, with several pages of statements attached, and provided an overview of the Plan and Addendum with the investigation findings and recommendations. A reference was made to the possibility of multi-county plan actions, but at this time, none were considered in the Plan. (Staff Exh. No. D, p. 4 of 18). A brief description was given of the public service districts in Grant County, namely Dorcas Public Service District, Grant County Public Service District and Mountain Top Public Service District. (Staff Exh. No. D, pp. 4-5 of 18). The initial field investigation revealed that the Grant County districts were not in compliance with several Commission rules and several laws and in some instances were not in conformance with general accepted business practices. Further evaluations on July 24, 25, 26 and 27, 1989, showed that most of the findings have been corrected or actions have been taken to correct them. (Staff Exh. No. D, p. 8 of 18). Recommendations concerning creation, expansion, dissolution, consolidation, merger and centralization of the county districts were made. The final recommendation being that Grant and Dorcas be consolidated, or in the event consolidation is not acceptable to the debtholders, that Grant and Dorcas be merged. Secondly, Mountain Top should continue as a separate entity from the consolidation of Grant and Dorcas. (Staff Exh. No. 4, pp. 10-11 of 18). An explanation of how Staff arrived at its final recommendations and a brief description of the difference between consolidation and merger was given. Mr. Wagner explained that consolidation requires the creation of a new district with a new identity, and merger would cause one district to be absorbed into another. (Staff Exh. No. D, p. 11-18 of 18).

The first person to testify on behalf of the County Commission was Robert F. Sites, a Grant County Commissioner. Mr. Sites testified that the three public service districts within Grant County had been consulted as to their opinion of the plans and recommendations contained within the

Plan and Addendum and that public hearings on the Plan had been conducted. (Tr., p. 24). Mr. Sites gave a brief description of the events and procedures the County Commission had conducted in order to comply with the West Virginia Code and regulations of the Public Service Commission regarding the County Plans. (Tr., pp. 24-25). Mr. Sites indicated that various meetings were held to review not only the Plan but also the Addendum. (Tr., p. 24). Mr. Sites sponsored a resolution in which the County Commission approved the Plan and Addendum. (Tr., p. 27). He also stated that the County Commission requested that the remaining six-month review period be waived, since the Plan and Addendum had been approved. (Tr., p. 30). Mr. Sites testified that he understood that the districts and the County Commission had the six-month period to review the Plan. (Tr., p. 33).

The next person to testify on behalf of the County Commission was Ollie Arnold who is the Chairperson of the Grant County Public Service District. Mrs. Arnold testified that the Public Service Board of the Grant County Public Service District (Board) had received a copy of the Plan and Addendum and that the Commission and the Board supported the Plan. (Tr., pp. 35-36). Mrs. Arnold further explained that Mrs. Kitzmiller was authorized by the Board to send a letter to the County Commission stating that Grant agreed with the Plan and that the Board understood that it had a full six-month period, if necessary, to review the Plan and Addendum. Mrs. Arnold stated that the Board needed no additional time to review and study the Plan and Addendum. (Tr., p. 39).

The next person to testify on behalf of the County Commission was Larry Kitzmiller, who is the Treasurer of Mountain Top Public Service District and a member of the Public Service Board of Mountain Top (Board of Mountain Top). Mr. Kitzmiller was authorized to speak on behalf of the Board of Mountain Top at the hearing. Mr. Kitzmiller testified that the Board of Mountain Top had an opportunity to review the Plan and the Addendum; that it accepted the Plan and Addendum by resolution; and that the Board understands that it has up to six months to review and study the Plan and Addendum and wishes to waive any additional time, as it may be entitled under the West Virginia Code or Public Service Commission regulations. (Tr., pp. 41-46).

The next person to testify on behalf of the County Commission was Jack Yokum, Chairman of the Dorcas Public Service District, who testified that Dorcas received and studied the contents of the Plan and Addendum; that the Dorcas Board approved the Plan and Addendum by formal resolution; and that they also wish to waive any remaining time for review of the Plan and Addendum. (Tr., pp. 47-51).

The last person to testify on behalf of the County Commission was Tom Hinkle, News and Sports Editor, etc., of The Grant County Press. Mr. Hinkle verified that the notice for the hearing was published in The Grant County Press on January 2, and January 9, 1990. (Tr., pp. 54-55; County Commission Exh. F).

Upon consideration of all the above, the Administrative Law Judge finds and concludes that the County Commission has reviewed the Plan and Addendum and adopted it as its County Plan pursuant to Senate Bill 191.

No persons appeared in protest to the petition and, therefore, the Administrative Law Judge is of the opinion that it is reasonable that said Plan with Addendum be approved, with certain provisions. Since no private or municipal water and/or sewer systems were included in any substantive manner in the investigation for, and the preparation of, the Plan and Addendum, the adoption of the Plan and Addendum should not be construed as limiting or foreclosing any rights and privileges which these utilities may have, including the ability to increase their service territory and/or serve additional customers.

FINDINGS OF FACT

1. On March 8, 1986, the West Virginia Legislature enacted Senate Bill 191 requiring the Public Service Commission to perform a study of all public service districts and submit a County Plan concerning each county. (Staff Exh. No. C).

2. The Grant County Commission informed the Public Service Commission that it would be unable to prepare its own County Plan and asked that the County Plan be prepared by the Public Service Commission. (Staff Exh. No. C, pp. 7-8 of 22).

3. On May 3, 1989, the Public Service District Division, Public Service Commission, forwarded a Plan draft of the Plan to the County Commission. (Staff Exh. No. C, pp. 7-8 of 22).

4. By resolution passed May 31, 1989, the County Commission adopted the Draft Plan for Grant County as prepared by the West Virginia Public Service Commission with the concurrence of the three public service district's serving Grant County. (County Commission Exh. No. 3).

5. On June 27, 1989, the County Commission adopted the Plan and Addendum for Grant County, as prepared by the Staff of the West Virginia Public Service Commission. (County Commission Exh. No. A).

6. On August 29, 1989, the County Commission was supplied with the copy of the Addendum, which included the Cost Benefit Analysis of the Plan. (Internal Memorandum dated August 21, 1989).

7. On September 21, 1989, the County Commission met with Dorcas Public Service District, Grant County Public Service District and Mountain Top Public Service District to discuss the Addendum with Cost Benefit Analysis. (County Commission Exhs. A, B, C, D, E; Tr., pp. 26, 28, 44).

8. On September 28, 1989, the County Commission passed a resolution in which it adopted the Addendum and Cost Benefit Analysis. (County Commission Exh. A).

9. By Order entered August 9, 1989, these matters were set for hearing to be held in the County Commissioners' Court Room, Grant Count Court House, Petersburg, West Virginia, on Thursday, September 14, 1989, at 1:30 p.m., EST. (Commission Order entered August 9, 1989, Notice of Hearing).

10. Proper notice was given pursuant to said August 9, 1989 Order. (County Commission Exh. No. 1).

11. At the hearing held on September 14, 1989, it became apparent that the County Commission had not properly reviewed the Cost Benefit Analysis which is referred to as the Addendum and the hearing was continued. (Tr., pp. 11-12, September 14, 1989 hearing).

12. By Order entered December 13, 1989, these matters were set for hearing to be held in the Circuit Court Room, Grant County Court House, Petersburg, West Virginia, on Wednesday, January 17, 1990, at 1:30 p.m., EST. (Commission Order entered December 13, 1989, Notice of Hearing; County Commission Exh. F).

13. Proper notice was given pursuant to said December 13, 1989 Order. (County Commission Exh. F).

14. At the hearing held on January 17, 1990, no one appeared to make protest to the approval and acceptance of the Plan. (Tr., p. 59, January 17, 1989 hearing).

15. Grant County Commissioner Robert Sites testified that the Plan and Addendum was in the public's best interest. (Tr. January 17, 1990 Hearing, p. 25).

16. Grant County Commissioner Robert Sites, Ollie Arnold, Chairperson of the Grant County Public Service District, Larry Kitzmiller, Treasurer of Mountain Top Public Service District and Jack Yokum, Chairman of the Dorcas Public Service District, all testified that they respectively waived the remainder of the six-month review period in order to review the County Plan or the Cost Benefit Analysis and that all districts had approved the Plan and Addendum. (Tr. January 17, 1990 Hearing, pp. 3, 39, 45, 51).

17. David H. Wagner, former Chief Utilities Analyst, Public Service District Division, Public Service Commission, testified that the final recommendation for the Plan is that Grant and Dorcas be consolidated as opposed to merged; that the northwest corner of the county which is currently in Grant's territory be given to Mountain Top and that Mountain Top not be included in the consolidation of Grant and Dorcas PSD. (Tr. January 17, 1990 Hearing, pp. 17-18; Staff Exh. No. D, pp. 11, 17 of 18).

18. Mr. Danny L. Ellis stated in his prepared direct testimony that the private and municipal systems were excluded from the analysis and the private and municipal systems are excluded in the Plan, per Staff's interpretation of the enabling legislation. (See, Staff Exh. No. C, p. 5 of 22).

CONCLUSION OF LAW

1. The Administrative Law Judge is of the opinion and finds that the Plan and Addendum as submitted at hearing are hereby approved. However, since municipal and private water and/or sewer systems were

neither reviewed by Commission Staff nor participated in the Plan and Addendum, or this proceeding, the adoption of the Plan and Addendum shall not be construed to limit or foreclose the ability of existing or future municipal or private utility systems to serve any areas which they may be able to reach either through their certificates or by statute. Further, the adoption of the Plan should not be utilized as a reason for the rejection of an otherwise acceptable application for a certificate of convenience and necessity filed by a municipal or private water and/or sewer system.

2. Any changes in the operation of the Grant County public service districts directed in said Plan and Addendum shall be implemented immediately. If the County Commission is unable to implement the Plan, either wholly or in part, a request of waiver for modifications should be filed with this Commission.

ORDER

IT IS, THEREFORE, ORDERED that the Plan and Addendum as approved and accepted by the Grant County Commission on June 27, 1989 and September 28, 1989, and accepted by resolution entered by the Grant County Commission (dated June 27, 1989) on May 31, 1989 and October 16, 1989, be, and the same hereby are, approved; provided, however, since municipal and private water and/or sewer systems were neither reviewed by Commission Staff nor participated in the Plan, Addendum, or this proceeding, the adoption of the Plan and Addendum shall not be construed to limit or foreclose the ability of existing or future municipal or private utility systems to serve any areas which they may be able to reach either through their certificates or by statute. Further, the adoption of the Plan and Addendum should not be utilized as a reason for the rejection of an otherwise acceptable application for a certificate of convenience and necessity filed by a municipal or private water and/or sewer system.

IT IS FURTHER ORDERED that the County Commission shall immediately take the steps necessary to implement the Plan and Addendum herein approved. Further, if the County Commission is unable to implement the Plan and Addendum, either wholly or in part, a request of waiver for modification shall be filed with this Commission.

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.

Susan A. Murensky

Susan A. Murensky
Administrative Law Judge

SAM:dfs

5/11/1990

Order No. 05-11-90-20

IN THE COUNTY COMMISSION OF GRANT COUNTY, WEST VIRGINIA

RESOLUTION AND ORDER SCHEDULING A PUBLIC HEARING UPON THE PROPOSED CONSOLIDATION OF THE DORCAS PUBLIC SERVICE DISTRICT AND THE GRANT COUNTY PUBLIC SERVICE DISTRICT, DIRECTING THE ADVERTISEMENT OF A LEGAL NOTICE OF SAID PUBLIC HEARING, AND DIRECTING THE POSTING OF NOTICE OF SAID PUBLIC HEARING.

WHEREAS, on October 16, 1989, in accordance with 16-13A-16 of the West Virginia Code and in accordance with all applicable regulations promulgated by the Public Service Commission of West Virginia, the County Commission of Grant County, West Virginia (the "Commission"), a public corporation and political subdivision of the State of West Virginia, adopted a resolution approving and adopting the Grant County Public Service District Plan and attached Addendum; and

WHEREAS, the Grant County Public Service District Plan and attached Addendum recommended the consolidation of Grant and Dorcas; and

WHEREAS, the Public Service Commission of West Virginia has, by order entered May 6, 1990 (Case No. 89-344-PSWD-PC), approved the Grant County Public Service District Plan and attached Addendum; and

WHEREAS, the County Commission of Grant County, West Virginia, proposes the consolidation of Dorcas Public Service District and Grant County Public Service District into a new public service district to be named "Grant County Public Service District;"

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the County Commission of Grant County, West Virginia:

1. The Commission directs that a public hearing regarding the proposed consolidation of Dorcas Public Service District into Grant County Public Service District be scheduled for the 26th day of June, 1990, at 1:30 p.m., which public hearing is to be held at the Grant County Commission Hearing Room on the lower level of the Grant County Courthouse.

2. All persons residing within the area embraced by Grant County Public Service District and Dorcas Public Service District may appear before the County Commission at the aforesaid hearing and have the opportunity to be heard for and against the proposed consolidation.

3. It is hereby proposed that the new Grant County Public Service District occupy the same territories formerly occupied by Grant County Public Service District and Dorcas Public Service District more particularly bounded and described as follows:

Propose Consolidating Dorcas PSD & Grant Co PSD

TRACT NO. [illegible]

BEGINNING at a point dissected by the [illegible] West Virginia Grant County Highway Map [illegible] North [illegible] thence following said [illegible] grid to West [illegible] Highway 42, thence following the general boundary of State Highway 42 in a Southeasterly direction to [illegible] thence following 42/4 to 42/5 to Kimes Gap, [illegible] Northerly direction following the general boundary of [illegible] to 42/7, thence following 42/7 in an Easterly direction to the Patterson Creek Road commonly known as West Virginia Highway 5, thence following West Virginia Highway [illegible] Northerly direction to the intersection of [illegible] thence with the general boundary of Highway [illegible] Northwesterly direction crossing Highway [illegible] to the [illegible] grid [illegible] thence with the Northsouth grid [illegible] the BEGINNING.

TRACT NO. [illegible]

BOUNDED by U.S. Route [illegible] on the West [illegible] at intersection of the corporate line of the City of [illegible] and running South to the Pendleton/Grant County [illegible] the South by the Pendleton and Grant County lines to a point of intersection with the County line of Hardy County; and on the East with the County line between Hardy and Grant County in a Northerly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said [illegible] with Johnson Run and thence to the Beginning.

Maps of said tracts have been filed with the Commission and are contained among the records of the Commission proceedings in relation to this matter.

4. The Commission directs the County Clerk to advertise said public hearing by Class I legal advertisement, which legal advertisement shall set forth the purpose of the hearing, and the date, time and place of said hearing.

5. The Commission further directs the County [illegible] to cause five notices of the aforesaid public hearing to be [illegible] in conspicuous places within the territory of the Grant County Public Service District.

6. The Commission further directs the County [illegible] to cause five notices of the aforesaid public hearing to be [illegible] in conspicuous places within the territory of the Dorcas [illegible] Service District.

Adopted this the 11th day of May, 1990.

PRESIDENT

COMMISSIONER

COMMISSIONER

State of West Virginia,

County of Grant, to-wit:

I, Harold G. Hiser, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that the foregoing is a true and complete copy of the Resolution & Order Scheduling a Public Hearing upon the Consolidation of the Dorcas Public Service District and the Grant County Public Service District, as the same appears on record in my office in County Commission Order Book 016, Page 443.

Given under my hand and seal this the 31st day of July, 1990.

CLERK COUNTY COMMISSION

Certificate of Publication

State of West Virginia
County of Grant, to-wit:

I, the undersigned hereby certifies that the annexed notice was duly published in the

Grant County Press

a weekly newspaper published at Petersburg, Grant County, West Virginia, for 2 consecutive weeks ending on the 5th day of JUNE, 1990.

GRANT COUNTY PRESS

By William C. Ford
Editor

Publishing Notice $ 11.82

Hand Bills _____

Miscellaneous _____

Total $ 11.82

Sworn before me on this the 5 th day of June, 1990.

Camille J. Howard
Notary Public

11-6-95
My Commission Expires

NOTICE OF PUBLIC HEARING

The Grant County Commission will meet at 1:30 p.m. on Tuesday, June 26, 1990, in the lower level conference room of the Grant County Courthouse to receive public comment concerning the consolidation of the Dorcas Public Service District and the Grant County Public Service District. All persons residing within the area encompassed by Dorcas PSD and Grant County PSD may appear before the County Commission at this hearing and have the opportunity to be heard for and against the proposed consolidation.

5/29-6/5

Official Seal
Notary Public, State of West Virginia
Camille J. Howard
47 S. Main St., Box 16
Petersburg, W. Va. 26847
My commission expires November 6, 1995

CERTIFICATION OF POSTING AND PUBLICATION OF NOTICE OF PUBLIC HEARING CONCERNING THE CONSOLIDATION DORCAS AND GRANT COUNTY PUBLIC SERVICE DISTRICTS.

I, Patricia B. Riggleman, Executive Secretary to the County Commission of Grant County West Virginia, hereby certify that the Notice of Public Hearing attached hereto as Exhibit A was published as a Class II Legal Advertisement in the Grant County Press in the editions of May 29, 1990, and June 5, 1990, and

I further certify that I have posted the Notice cited above in the following locations on June 7, 1990:

- the entrance door of the upper and lower levels of the Grant County Courthouse,
- Potomac Valley Bank
- Potomac Valley Bank - Park Street Office
- Grant County Bank
- Grant County/Dorcas PSD Office
- Cook's General Store, Maysville
- Maysville General Store, Maysville
- Arthur General Store, Arthur
- Thorne's Grocery, Dorcas
- Arsentrout's Store, Rt. 220 South
- Alt's Grocery, South Petersburg
- Petersburg Post Office

Patricia B. Riggleman

Patricia B. Riggleman

ATTEST:

Alicia L Rule

COUNTY COMMISSION OF GRANT COUNTY
5 Highland Avenue
Telephone: 257-4422
Petersburg, West Virginia 26847

THE COUNTY COMMISSION
G. W. "Bill" Dennirk, Jr.
Petersburg, West Virginia
A. E. "Mike" Kimmel
Burlington, West Virginia
Robert F. Sites
Cabins, West Virginia

NOTICE OF PUBLIC HEARING

The Grant County Commission will meet at 1:30 p.m. on Tuesday, June 26, 1990 in the lower level conference room of the Grant County Courthouse to receive public comment concerning the consolidation of the Dorcas Public Service District and the Grant County Public Service District. All persons residing within the area embraced by Dorcas PSD and Grant County PSD may appear before the County Commission at this hearing and have the opportunity to be heard for and against the proposed consolidation.

Maps of the affected areas are available for review at the County Commission office. For additional information, please call 257-4422 between 9 a.m. and 4 p.m.

installation of 12 computers in three small offices upstairs in the Old Courthouse. Estimated cost is $1000. The commissioners agreed that this would be an additional service to the community and would support the proposal.

The commissioners next met with Don Miller who indicated his concern that he had no medical insurance coverage in the event he would be bitten. After discussion, it was agreed that his current contract would be terminated and a new contract, effective July 1, 1990, for $500/month would be written. This would allow Mr. Miller to purchase his own medical insurance.

Motion by Commissioner Deadrick, second by Commissioner Kessel, to recess for lunch at 12:10 p.m.

The meeting reconvened at 1:30 p.m. for the publicized Public Hearing concerning consolidation of the Grant County and Dorcas PSD. Present from the PSD's were Jack Yokum, Frances Phares and Jay Geary, Dorcas; Ollie Arnold and Pat Kitzmiller, Grant County.

No one appeared to give comment on the consolidation and the Public Hearing was closed at 2 p.m. on motion by Commissioner Deadrick, second by Commissioner Kessel.

Motion by Commissioner Deadrick, second by Commissioner Kessel, to table the County Commission's consolidation order until the Grant County PSD bond has been issued. Passed.

Motion by Commissioner Deadrick, second by Commissioner Kessel, to approve the Delinquent and Improper Tax Lists presented by the Sheriff. Passed.

Representatives of Dynawatch in Home Detention equipment demonstrated the product and presented estimated costs to the commissioners and Prosecuting Attorney DiPenedetto. Danny will contact surrounding counties to ascertain what system they are using and the cost involved and report back to the commissioners.

Motion by Commissioner Deadrick, second by Commissioner Kessel, to approve the bills for payment as presented. Passed.

Motion by Commissioner Deadrick, second by Commissioner Kessel, to approve the request of the Assessor for an additional $1500 for July and August to hire Gay Abernathy full-time. Passed.

Motion by Commissioner Deadrick, second by Commissioner Kessel, to order that the actions of the County Clerk in vacation of the County Commission be approved:

- Wills lodged in the Clerk's Office, Wilson H. Smith and W. Clarence Calhoun;

- Wills Admitted to Probate, Thomas W. Welch, Alice Marguerite George, Glady Stump Wilson, David Earle Cuppett, Jr.;

- Qualification orders granted in the estates of Thomas W. Welch, Israel C. Welch qualifying, Alice Marguerite George, Clause Allen George qualifying, Glady Stump Wilson, Samuel G.

State of West Virginia,
County of Grant, to-wit:

I, Harold G. Hiser, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that this is a copy of the minutes on page 457 in County Commission Order Book 016.

Given under my hand and seal this the 31st day of July, 1990.

Harold G. Hiser
CLERK COUNTY COMMISSION

STATE OF WEST VIRGINIA
COUNTY OF GRANT, TO WIT:

I, Harold B. Hiser, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that the attached Order No. 09-25-90-38 is a true and accurate copy of that order unanimously passed in the Regular Session of the County Commission of Grant County, West Virginia, on September 25, 1990, at which time a quorum was present.

CLERK

SEAL

ATTEST:

DEPUTY CLERK

9/25/19

ORDER NO. 09-25-90-38

IN THE COUNTY COMMISSION OF GRANT COUNTY, WEST VIRGINIA

ORDER AND RESOLUTION CONSOLIDATING THE DORCAS PUBLIC SERVICE DISTRICT AND THE GRANT COUNTY PUBLIC SERVICE DISTRICT IN GRANT COUNTY, WEST VIRGINIA.

WHEREAS, on October 16, 1989, in accordance with §16-13A-1b of the West Virginia Code and in accordance with all applicable regulations promulgated by the Public Service Commission of West Virginia, the County Commission of Grant County, West Virginia (the "Commission"), a public corporation and political subdivision of the State of West Virginia, adopted a resolution approving and adopting the Grant County Public Service District Plan and attached Addendum;

WHEREAS, the Grant County Public Service District Plan and attached Addendum recommended the consolidation of Grant County Public Service District and Dorcas Public Service District;

WHEREAS, pursuant to the applicable regulations promulgated by the Public Service Commission of West Virginia, a public hearing regarding the Grant County Public Service District Plan and attached Addendum was held at the Grant County Courthouse on January 17, 1990, before Administrative Law Judge Susan Marensky;

WHEREAS, the Public Service Commission of West Virginia has by order entered May 4, 1990, (Case No. 89-344-PSSD-PC) approved the Grant County Public Service District Plan and attached Addendum;

WHEREAS, said County Commission is of the opinion and hereby determines the consolidation of Dorcas Public Service District and Grant County Public Service District is feasible, and that the services proposed for said district will be conducive to the preservation of public health, comfort and convenience of persons residing therein, and that a resolution and order effecting such consolidation should be adopted;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the County Commission of Grant County, West Virginia as follows:

1. Grant County Public Service District and Dorcas Public Service District are both located within the County of Grant in the State of West Virginia.

2. Dorcas Public Service District is hereby consolidated with Grant County Public Service District, with the resultant public service district having the name "Grant County Public Service District."

3. The new Grant County Public Service District shall occupy the same territories formerly occupied by Grant County Public Service District and Dorcas Public Service District more particularly bounded and described as follows:

TRACT NO. 1

BEGINNING at a point dissected by the bridge on West Virginia Grant County Highway Map 79°10' North 39°10' West thence following said 39°10' grid to West Virginia State Highway 42,

1

Order Consolidate Dorcas PSD into Grant Co PSD

thence following the general boundary of State Highway 42 in a Southeasterly direction to Highway 42/4, thence following 42/4 to 42/9 to Klines Gap, thence in a Northerly direction following the general boundary of 42/9 to 42/7, thence following 42/7 in an Easterly direction to West Virginia Highway 5 commonly known as the Patterson Creek Road, thence following West Virginia Highway 5 in a Northerly direction to the intersection of Highway 3/4, thence with the general boundary of Highway 3/4 in a Northwesterly direction crossing Highway 3 to the North/South grid 79°10' North to the BEGINNING.

TRACT NO. 2

BOUNDED by U.S. Route 220 on the West commencing at the intersection of the corporate line of the City of Petersburg and running South to the Pendleton/Grant County lines; on the South by the Pendleton and Grant County lines to a point of intersection with the County line of Hardy County; and on the East with the County line between Hardy and Grant County in a Northerly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the BEGINNING.

Maps of said tracts have been filed with the Commission and are contained among the records of the Commission proceedings in relation to this matter.

4. The new Grant County Public Service District shall henceforth be deemed to be the successor in interest with respect to the title to and benefit of all real estate, personal property, accounts receivable, contract rights, general intangibles, and any other assets or rights formerly held or enjoyed by the old Grant County Public Service District and Dorcas Public Service District.

5. The new Grant County Public Service District shall assume all debts, obligations and liabilities of Dorcas Public Service District and the old Grant County Public Service District.

Entered this 25th day of September, 1990.

COUNTY COMMISSION OF GRANT COUNTY, WEST VIRGINIA

President

Commissioner

Commissioner

ATTEST:

Clerk

COUNTY COMMISSION OF GRANT COUNTY

5 Highland Avenue

Telephone: 257-4422

Petersburg, West Virginia 26847

THE COUNTY COMMISSION

G. W. "[illegible]" [illegible], Jr.
Petersburg, West Virginia
A. E. "[illegible]" [illegible]
Burlington, West Virginia
Robert F. [illegible]
Cabins, West Virginia

September 25, 1990

Mr. Howard M. Cunningham
Executive Secretary
WV Public Service Commission
P.O. Box 812
Charleston, WV 25323

RE: Case No. 90-521-PWD-PC

Dear Mr. Cunningham:

Attached is a copy of Order No. 9-25-90-38, issued by the Grant County Commission during their Regular Session of this date and certified by the Clerk of the County Commission, consolidating the Dorcas PSD and the Grant County PSD.

At this same Regular Session, the motion was made, seconded and unanimously passed, to request that the Public Service Commission grant an exemption from the requirement for a second public hearing on the consolidation and that a final order be issued as soon as possible. We realize that our request for a waiver of the public hearing may not be possible since we have been advised by counsel that §16-13A-2 of the West Virginia Code provides that "the Public Service Commission shall provide a hearing in the affected county on the [consolidation order]..." (emphasis added). If our request cannot be granted, we would appreciate it if you could expedite the public hearing process and the decision from the administrative law judge.

By way of explanation, we were advised by Bond Counsel that the consolidation order should not be issued until the Grant County PSD bond with FmHA had been closed. This bond closing has just taken place today (9/25).

We were further advised by Bond Counsel that the contract for the Dorcas PSD extension should not be awarded until the consolidation order had been issued and approved by the Public Service Commission. Bids for the Dorcas PSD extension were opened September 5, 1990, with the stipulation that the contract would not be awarded for 120 days.

As you can see, time is of the essence. Please advise us whether or not our request for exemption can be granted. We will appreciate anything you can do to expedite issuance of the Public Service Commission's final order approving the consolidation.

Sincerely,

Patricia B. Riggleman

for Arthur E. Kessel
President

K:R

cc: Lee Enderle
Danny Ellis

STATE OF WEST VIRGINIA
COUNTY OF GRANT, TO WIT:

I, Harold G. Hiser, Clerk of the County Commission of Grant County, West Virginia, do hereby certify that the attached Order No. 09-25-90-38 is a true and accurate copy of that order unanimously passed in the Regular Session of the County Commission of Grant County, West Virginia, on September 25, 1990, at which time a quorum was present.

CLERK

SEAL

ATTEST:

DEPUTY CLERK

ORDER NO. 09-25-90-38

IN THE COUNTY COMMISSION OF GRANT COUNTY, WEST VIRGINIA

ORDER AND RESOLUTION CONSOLIDATING THE DORCAS PUBLIC SERVICE DISTRICT AND THE GRANT COUNTY PUBLIC SERVICE DISTRICT IN GRANT COUNTY, WEST VIRGINIA.

WHEREAS, on October 16, 1989, in accordance with §16-13A-1b of the West Virginia Code and in accordance with all applicable regulations promulgated by the Public Service Commission of West Virginia, the County Commission of Grant County, West Virginia (the "Commission"), a public corporation and political subdivision of the State of West Virginia, adopted a resolution approving and adopting the Grant County Public Service District Plan and attached Addendum;

WHEREAS, the Grant County Public Service District Plan and attached Addendum recommended the consolidation of Grant County Public Service District and Dorcas Public Service District;

WHEREAS, pursuant to the applicable regulations promulgated by the Public Service Commission of West Virginia, a public hearing regarding the Grant County Public Service District Plan and attached Addendum was held at the Grant County Courthouse on January 17, 1990, before Administrative Law Judge Susan Hurensky;

WHEREAS, the Public Service Commission of West Virginia has by order entered May 6, 1990, (Case No. 89-344-PSHD-PC) approved the Grant County Public Service District Plan and attached Addendum;

WHEREAS, said County Commission is of the opinion and hereby determines the consolidation of Dorcas Public Service District and Grant County Public Service District is feasible, and that the services proposed for said district will be conducive to the preservation of public health, comfort and convenience of persons residing therein, and that a resolution and order effecting such consolidation should be adopted;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the County Commission of Grant County, West Virginia as follows:

1. Grant County Public Service District and Dorcas Public Service District are both located within the County of Grant in the State of West Virginia.

2. Dorcas Public Service District is hereby consolidated with Grant County Public Service District, with the resultant public service district having the name "Grant County Public Service District."

3. The new Grant County Public Service District shall occupy the same territories formerly occupied by Grant County Public Service District and Dorcas Public Service District more particularly bounded and described as follows:

TRACT NO. 1

BEGINNING at a point dissected by the bridge on West Virginia Grant County Highway Map 79°10' North 39°10' West thence following said 39°10' grid to West Virginia State Highway 42.

thence following the general boundary of State Highway 42 in a Southeasterly direction to Highway 42/4, thence following 42/4 to 42/5 to Klines Gap, thence in a Northerly direction following the general boundary of 42/5 to 42/7, thence following 42/7 in an Easterly direction to West Virginia Highway 5 commonly known as the Patterson Creek Road, thence following West Virginia Highway 5 in a Northerly direction to the intersection of Highway 3/4, thence with the general boundary of Highway 3/4 in a Northwesterly direction crossing Highway 3 to the North/South grid 79°10' North to the BEGINNING.

TRACT NO. 2

BOUNDED by U.S. Route 220 on the West commencing at the intersection of the corporate line of the City of Petersburg and running South to the Pendleton/Grant County lines; on the South by the Pendleton and Grant County lines to a point of intersection with the County line of Hardy County; and on the East with the County line between Hardy and Grant County in a Northerly direction to its intersection with the South Branch of the Potomac River; and on the North by the South Branch of the Potomac River to the confluence of said river with Johnson Run and thence to the BEGINNING.

Maps of said tracts have been filed with the Commission and are contained among the records of the Commission proceedings in relation to this matter.

4. The new Grant County Public Service District shall henceforth be deemed to be the successor in interest with respect to the title to and benefit of all real estate, personal property, accounts receivable, contract rights, general intangibles, and any other assets or rights formerly held or enjoyed by the old Grant County Public Service District and Dorcas Public Service District.

5. The new Grant County Public Service District shall assume all debts, obligations and liabilities of Dorcas Public Service District and the old Grant County Public Service District.

Entered this 25th day of SEPTEMBER, 1990.

COUNTY COMMISSION OF GRANT COUNTY, WEST VIRGINIA

President

Commissioner

Commissioner

ATTEST:

Clerk

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
FAX (304) 340-0325

November 1, 1990

Ms. Patricia B. Riggleman, Executive Secretary
County Commission of Grant County
5 Highland Avenue
Petersburg, West Virginia 26847

Re: Case No. 90-521-PWD-PC

Dear Ms. Riggleman:

We are enclosing herewith two (2) copies of an order entered by the Commission today which sets the above proceeding for hearing before Administrative Law Judge Robert W. Glass to be held in the Circuit Court Room, Grant County Court House, Petersburg, West Virginia, on Thursday, November 15, 1990, at 9:30 a.m.

Your attention is directed to the publication requirements contained in the enclosed order.

Sincerely,

Howard M. Cunningham
Executive Secretary

HMC/s
Encl.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 1st day of November, 1990.

CASE NO. 90-521-PWD-PC

GRANT COUNTY COMMISSION, a public corporation,
Grant County.
Petition for consolidation of Grant County
Public Service District and Dorcas Public
Service District.

NOTICE OF HEARING

On September 25, 1990, the Grant County Commission, a public corporation, Petersburg, Grant County, adopted a resolution consolidating the Dorcas Public Service District and Grant 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 Grant 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, Grant County Court House, Petersburg, West Virginia, on Thursday, November 15, 1990, at 9:30 a.m., EST., for the purpose of determining if the order and resolution of the Grant County Commission consolidating Dorcas Public Service District and Grant County Public Service District, is in the public interest.

IT IS FURTHER ORDERED that the Grant 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 Grant County, and return the affidavit of publication to the Commission thereafter.

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

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

Certificate of Publication

State of West Virginia
County of Grant, to-wit:

The undersigned hereby certifies that the annexed notice was duly published in the

Grant County Press

a weekly newspaper published at Petersburg, Grant County, West Virginia, for 2 consecutive weeks ending on the 13th day of NOVEMBER, 1990.

GRANT COUNTY PRESS
By William C. Finch
Editor

Publishing Notice $ 42.57

Hand Bills _____

Miscellaneous _____

Total $ 42.57

Sworn before me on this the 13th day of Nov, 1990.

Camille J. Howard
Notary Public

11-6-95
My Commission Expires

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
Charleston

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 1st day of November, 1990.

CASE NO. 90-521-PWD-PC
GRANT COUNTY COMMISSION, a public corporation, Grant County.

Petition for consolidation of Grant County Public Service District and Dorcas Public Service District.

NOTICE OF HEARING

On September 25, 1990, the Grant County Commission, a public corporation, Petersburg, Grant County, adopted a resolution consolidating the Dorcas, Public Service District and Grant County Public Service District pursuant of 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 Grant 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 Courtroom, Grant County Courthouse, Petersburg, West Virginia, on Thursday, November 15, 1990, at 9:30 a.m., EST, for the purpose of determining if the order and resolution of the Grant County Commission consolidating Dorcas Public Service District and Grant County Public Service District is in the public interest.

IT IS FURTHER ORDERED that the Grant County Commission publish a copy of this order one (1) time in a newspaper, duly published and of general circulation in Grant County, and return the affidavit of publication to the Commission thereafter.

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

A True Copy, Teste:
HOWARD M. CUNNINGHAM
Executive Secretary

11/8-11/13

Note: My commission expires

CERTIFICATION OF POSTING AND PUBLICATION OF NOTICE OF PUBLIC HEARING CONCERNING THE CONSOLIDATION OF DORCAS AND GRANT COUNTY PUBLIC SERVICE DISTRICTS.

I, Patricia B. Riggleman, Executive Secretary to the County Commission of Grant County West Virginia, hereby certify that the Notice of Public Hearing attached hereto as Exhibit "A" was published as a Class II Legal Advertisement in the Grant County Press in the editions of November 6 and November 13, 1990; and

I further certify that I have posted the Notice cited above in the following locations on November 5, 1990:

1. the entrance door of the upper and lower levels of the Grant County Courthouse
2. Potomac Valley Bank
3. Grant County Bank
4. Grant County/Dorcas PSD Office
5. Petersburg Post Office
6. Cook's General Store, Maysville
7. Arthur General Store, Arthur
8. Thorne's Grocery, Dorcas
9. Armentrout's Store, Rt. 220 South
10. Alt's Grocery, South Petersburg

Patricia B. Riggleman

Patricia B. Riggleman

ATTEST:

Edna C. Alt

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 1st day of November, 1990.

CASE NO. 90-521-PWD-PC

GRANT COUNTY COMMISSION, a public corporation,
Grant County.
Petition for consolidation of Grant County
Public Service District and Dorcas Public
Service District.

NOTICE OF HEARING

On September 25, 1990, the Grant County Commission, a public corporation, Petersburg, Grant County, adopted a resolution consolidating the Dorcas Public Service District and Grant 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 Grant 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, Grant County Court House, Petersburg, West Virginia, on Thursday, November 15, 1990, at 9:30 a.m., EST., for the purpose of determining if the order and resolution of the Grant County Commission consolidating Dorcas Public Service District and Grant County Public Service District, is in the public interest.

IT IS FURTHER ORDERED that the Grant 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 Grant County, and return the affidavit of publication to the Commission thereafter.

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

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
FAX: (304) 340-0325

November 30, 1990

Ms. Patricia B. Riggleman, Executive Secretary
County Commission of Grant County
5 Highland Avenue
Petersburg, West Virginia 26847

Lee Enderle, Jr., Esq.
Steptoe & Johnson
P. O.Box 2190
Clarksburg, West Virginia 26302-2190

Re: Case No. 90-521-PWD-PC

Ms. Riggleman and Mr. Enderle:

We are enclosing herewith two (2) copies of an order entered by the Commission today which waives the exception period to the recommended decision in the above proceeding.

The recommended decision will become the final order of the Commission at 5:00 p.m., Wednesday, December 5, 1990.

Sincerely,

Howard M. Cunningham
Executive Secretary

HMC/s
Encl.

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 30th day of November, 1990.

CASE NO. 90-521-PWD-PC

GRANT COUNTY COMMISSION, a public corporation, Grant County.
Petition for consolidation of Grant County Public Service District and Dorcas Public Service District.

COMMISSION ORDER

On September 25, 1990, the Grant County Commission, a public corporation, Petersburg, Grant County, adopted a resolution consolidating the Dorcas Public Service District and the Grant County Public Service District, pursuant to the provisions of West Virginia Code, §16-13A-2.

By order entered by the Commission on November 1, 1990, this matter was set for hearing in Petersburg, West Virginia, on November 15, 1990. The Grant County Commission was required to give notice of said November 15, 1990 hearing by newspaper publication.

The hearing was held as scheduled on November 15, 1990. Mr. Robert Sites, a member of the Grant County Commission, appeared representing said Commission. Thomas Sayre, Esq., Staff Attorney, Legal Division, appeared on behalf of Commission Staff. No parties appeared at the hearing in protest to the action of the Grant County Commission. On November 26, 1990, the Administrative Law Judge entered a recommended decision.

On November 29, 1990, the Grant County Commission filed a request with the Commission for waiver of its right to file exceptions to the aforesaid recommended decision. Also, on November 29, 1990, the Commission received a written communication from Thomas Sayre, Esq., indicating that Commission Staff will not file exceptions to the recommended decision and had no objection to same.

West Virginia Code §24-1-9 provides for a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is therefore of the opinion and belief that said request of waiver received by the Commission on November 29, 1990, should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Recommended Decision of November 26, 1990 in this matter become final five (5) days after the date of this order.

A True Copy, Teste:

Howard H. Cunningham
Executive Secretary

HHC/s

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
12-5-90
By Commission Order

Entered: November 26, 1990

CASE NO. 90-521-PWD-PC

GRANT COUNTY COMMISSION, a public corporation, Grant County.
Petition for consolidation of Grant County Public Service District and Dorcas Public Service District.

RECOMMENDED DECISION

On September 25, 1990, the Grant County Commission, a public corporation, Petersburg, Grant County, adopted a resolution consolidating the Dorcas Public Service District and the Grant 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 Grant County.

By Order dated October 30, 1990, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before December 10, 1990.

By Order entered November 1, 1990, this matter was set for hearing to be held in the Circuit Court Room, Grant County Court House, Petersburg, West Virginia, on November 15, 1990. The hearing was held as scheduled. Mr. Robert Sites, a Member of the Grant County Commission, appeared representing said Commission. Thomas Sayre, Esquire, Staff Attorney, Legal Division, appeared on behalf of Commission Staff. No parties appeared at the hearing in protest to the action of the Grant County Commission.

Since no parties appeared at the hearing, in protest, no evidence was presented concerning the consolidation of the Dorcas Public Service District and the Grant County Public Service District.

FINDINGS OF FACT

1. The Grant County Commission adopted a resolution consolidating the Dorcas Public Service District and the Grant County Public Service District on September 25, 1990. (See, County Commission Order dated September 25, 1990).

2. By Order entered October 30, 1990, this matter was referred to the Division of Administrative Law Judges for an order to be rendered on or before December 10, 1990. (See, Order dated October 30, 1990).

3. By Order entered November 1, 1990, this matter was set for hearing to be held in Petersburg, Grant County, on November 15, 1990, at which no one appeared in protest to the action of the Grant County Commission.

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since the Grant County Commission is in compliance with the provisions of West Virginia Code §16-13A-2, and at a public hearing held on November 15, 1990, in Grant County, no parties appeared in protest to the Grant County Commission's actions of consolidating the Dorcas Public Service District and the Grant County Public Service District, approval of the action of the Grant County Commission can be granted.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Grant County Commission, a public corporation, Grant County, to consolidate the Grant County Public Service District and the Dorcas Public Service District, be, and the same hereby is, approved.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:dfs

Public Service Commission
Of West Virginia

Richard E. Hill
General Counsel

Phone: (304) 340-0317
FAX (304) 340-0325

December 19, 1990

Lewis E. Enderle, Jr.
Steptoe & Johnson
Attorneys at Law
P. O. Box 2190
Clarksburg, WV 26302-2190

Re: Case No. 90-521-PWD-PC
Grant County Commission

Dear Mr. Enderle:

The Staff of the Public Service Commission has reviewed the Recommended Decision as entered on the 26th day of November, 1990, by Robert W. Glass, Administrative Law Judge, and takes no exception to that Decision. The Staff has determined that no exceptions will be filed to that Decision, and no appeals will be taken.

Since no other parties appeared in protest or as intervenors to the proceeding, unless the District intends to file an appeal of this Recommended Decision, no appeals will be taken from this decision.

Sincerely,

THOMAS SAYRE
Staff Attorney
(304)340-0337

TS/jcs

90521A

COUNTY COMMISSION OF GRANT COUNTY

5 Highland Avenue

Telephone: 257-4422

Petersburg, West Virginia 26847

THE COUNTY COMMISSION

G. W. "Bill" Dendrick, Jr.
Petersburg, West Virginia
A. E. "Mike" Kimmel
Burlington, West Virginia
Robert F. Sites
Cabins, West Virginia

January 2, 1991

Case No. 90-821-EWD-PC
Grant County Commission

TO WHOM IT MAY CONCERN:

Please be advised that the County Commission of Grant County, West Virginia, takes no exception to the Recommended Decision of the Administrative Law Judge entered November 26, 1990, in the above-captioned proceeding, which became the final order of the Public Service Commission of West Virginia on December 3, 1990, and will not file any exceptions to and will not appeal such Recommended Decision. We are not aware of any parties, protestants or intervenors in such proceeding, other than the Public Service Commission of West Virginia and the County Commission of Grant County.

Very truly yours,

President and Commissioner

Commissioner

Commissioner

March 10, 2009

THE COUNTY COMMISSION OF GRANT COUNTY

AN ORDER REDUCING THE WATER SERVICE AUTHORITY OF GRANT COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Grant County is empowered to, upon its own motion by order duly adopted, propose the reduction of the service authority of public service districts;

WHEREAS, on February 10, 2009, The County Commission of Grant County, upon consideration of the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently within the service territory of Grant County Public Service District, adopted an Order proposing reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not being furnished public water service from any other source and to be served by Pendleton County Public Service District;

WHEREAS, on March 10, 2009, a hearing was conducted before The County Commission of Grant County pursuant to the Order of the Commission adopted on February 10, 2009, regarding the proposed water extension project that would extend public water service to areas of Grant County, West Virginia that are presently within the service territory of Grant County Public Service District; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the aforementioned water extension project, The County Commission of Grant County does hereby reduce the water service territory of Grant County Public Service District, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF GRANT COUNTY:

1. The County Commission of Grant County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, does hereby order reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not being furnished public water service from any other source and to be served by Pendleton County Public Service District, particularly defined as the following territories:

> **BEGINNING** at a point (N-675704.5212, E-2488072.6123) on the County Line of Grant and Pendleton County on the centerline of CR 1, (Pendleton) and CR 9 (Grant); thence with six new lines of division and with the County Line,
>
> N 50-18-11 W, 502.26 feet to a point (N-676025.3268, E-2487686.1587) on the County Line; thence leaving the Grant/Pendleton County Line and with the interior of Grant County,

N 35-03-00 E, 1828.98 feet to a point (N-677522.6199, E-2488736.5230); thence,

S 45-14-55 E, 556.33 feet to a point (N-677130.9445, E-2489131.6122) on the centerline of County Route 9; thence,

S 45-14-55 E, 474.88 feet to a point (N-676796.6157, E-2489468.8550); thence,

S 35-03-00 W, 1737.82 feet to a point (N-675373.9434, E-2488470.8378) on the Grant County – Pendleton County Line; thence with the County Line,

N 50-18-11 W, 517.56 feet to the **POINT OF BEGINNING**, containing 41.6 Acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached hereto as Exhibit A and made a part of this description.

2. On March 10, 2009 at the hour of 9:00 a.m., The County Commission of Grant County met in the Grant County Courthouse at Petersburg, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the February 10, 2009 Order proposing reduction of Grant County Public Service District's service territory, and conducted a public hearing on the proposed reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia described above and not being furnished public water service from any other source and to be served by Pendleton County Public Service District. All persons residing in or owning or having any interest in property in the territory of the proposed reduction area of Grant County Public Service District's service territory had an opportunity to be heard for or against the proposed reduction.

3. At the March 10, 2009 hearing, The County Commission of Grant County considered and determined the feasibility of the reduction of Grant County Public Service District's service territory and determined that the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience to the proposed reduction area and that the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed reduction area.

4. Notice of the March 10, 2009 hearing and description of the territory included in the proposed reduction of Grant County Public Service District's service territory was published on February 24, 2009 as a Class I legal advertisement, which dated was at least ten (10) days prior to the March 10, 2009 hearing, in each city, incorporated town or municipal corporation in Grant County which is located in the proposed reduction area. In addition, notice of the hearing and description of the territory included in the proposed reduction of Grant County Public Service District's service territory was posted in five (5) conspicuous places in Grant County that are located in the proposed reduction area.

Entered this 10th day of March, 2009.

James C. Cole, President

James Wilson, Commissioner

Doug Swick, Commissioner

CERTIFICATION

Certified a true copy of an Order duly entered by THE COUNTY COMMISSION OF GRANT COUNTY on the 10th day of March, 2009.

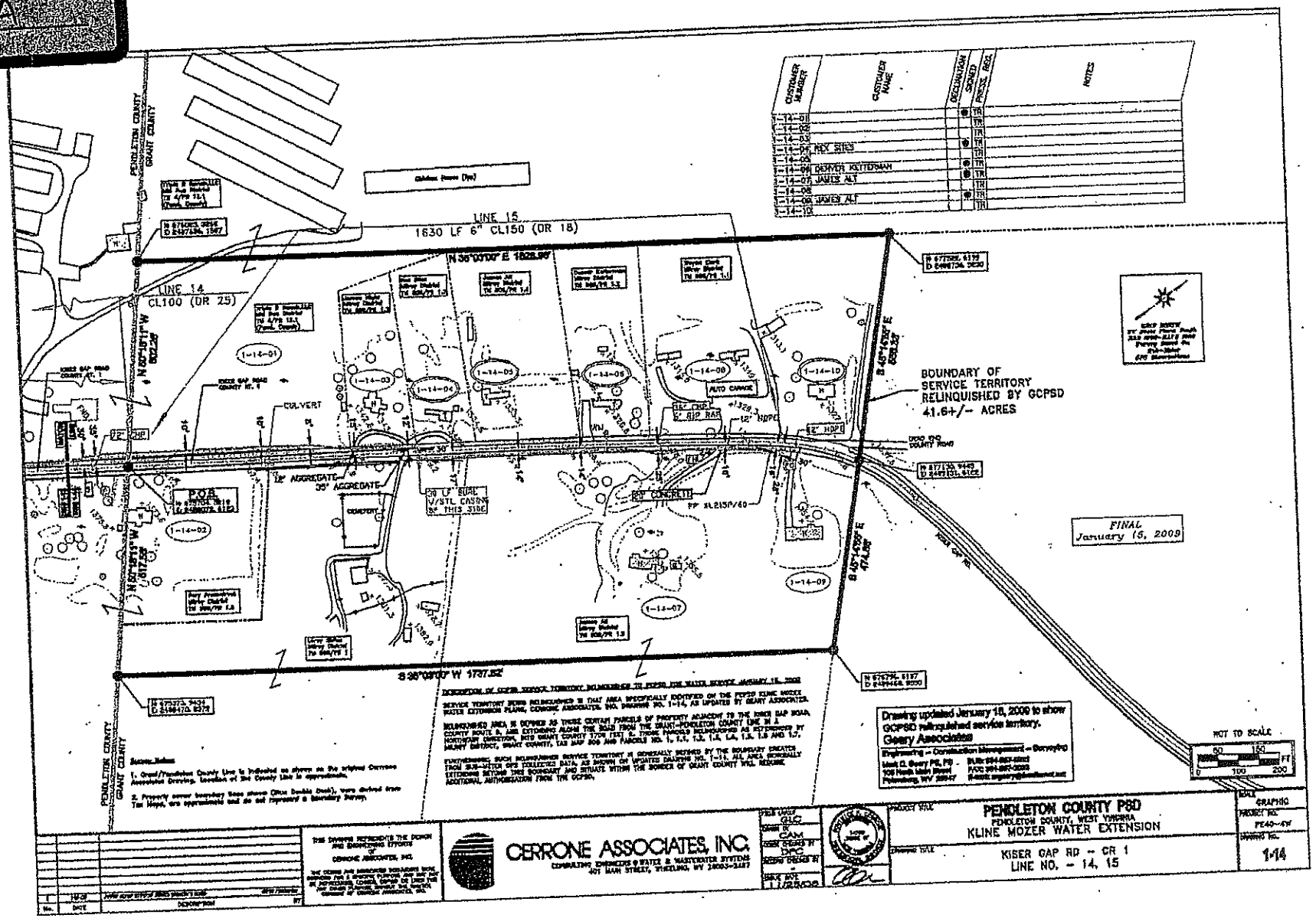
Dated: March 10th, 2009.

Harold G. Hess
County Clerk

[SEAL]

03.05.09
694280.00002

EXHIBIT A



LINE 15
1630 LF 6" CL150 (DR 18)
LINE 14
CL100 (DR 25)
N 36°03'00" E 1828.96'
S 36°03'00" W 1737.52'
PENDLETON COUNTY
GRANT COUNTY
BOUNDARY OF SERVICE TERRITORY RELINQUISHED BY GCPSD 41.6+/- ACRES
CULVERT
12" AGGREGATE
35" AGGREGATE
P.O.B.
AUTO CARGO
FINAL
January 15, 2009
Drawing updated January 15, 2009 to show GCPSD relinquished service territory.
Geary Associates
NOT TO SCALE
CERRONE ASSOCIATES, INC.
PENDLETON COUNTY PSD
PENDLETON COUNTY, WEST VIRGINIA
KLINE MOZER WATER EXTENSION
KISER GAP RD - CR 1
LINE NO. - 14, 15
GRAPHIC
1-14

March 17, 2009

THE COUNTY COMMISSION OF PENDLETON COUNTY

AN ORDER ENLARGING THE WATER SERVICE AUTHORITY OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Pendleton County is empowered to, upon its own motion by order duly adopted, propose the enlargement of the service authority of public service districts;

WHEREAS, on February 17, 2009, The County Commission of Pendleton County considered the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently outside the existing service territory of said district;

WHEREAS, on March 17, 2009, a hearing was conducted before The County Commission of Pendleton County pursuant to the Order of the Commission adopted on February 17, 2009, regarding the proposed water extension project that would extend public water service to areas of Grant County, West Virginia that are presently outside the service territory of Pendleton County Public Service District;

WHEREAS, the areas of Grant County, West Virginia to be served by the water extension project proposed by Pendleton County Public Service District are not being furnished public water service from any other source;

WHEREAS, the County Commission of Grant County, West Virginia has consented to have the areas of Grant County to be served by the water extension projected included within the service territories of Pendleton County Public Service District; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the proposed water extension project, The County Commission of Pendleton County does hereby enlarge the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF PENDLETON COUNTY:

1. The County Commission of Pendleton County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, does hereby order enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia not being furnished public water service from any other source, particularly defined as the following territories:

BEGINNING at a point (N-675704.5212, E-2488072.6123) on the County Line of Grant and Pendleton County on the centerline of CR 1,

(Pendleton) and CR 9 (Grant); thence with six new lines of division and with the County Line,

N 50-18-11 W, 502.26 feet to a point (N-676025.3268, E-2487686.1587) on the County Line; thence leaving the Grant/Pendleton County Line and with the interior of Grant County,

N 35-03-00 E, 1828.98 feet to a point (N-677522.6199, E-2488736.5230); thence,

S 45-14-55 E, 556.33 feet to a point (N-677130.9445, E-2489131.6122) on the centerline of County Route 9; thence,

S 45-14-55 E, 474.88 feet to a point (N-676796.6157, E-2489468.8550); thence,

S 35-03-00 W, 1737.82 feet to a point (N-675373.9434, E-2488470.8378) on the Grant County – Pendleton County Line; thence with the County Line,

N 50-18-11 W, 517.56 feet to the **POINT OF BEGINNING**, containing 41.6 Acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached hereto as Exhibit A and made a part of this description.

2. On March 17, 2009 at the hour of 9:00 a.m., The County Commission of Pendleton County met in the Pendleton County Courthouse at Franklin, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the February 17, 2009 Order proposing enlargement of Pendleton County Public Service District's service territory, and conducted a public hearing on the proposed enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia described above and not being furnished public water service from any other source. All persons residing in or owning or having any interest in property in the territory of the proposed enlargement area of Pendleton County Public Service District's service territory had an opportunity to be heard for or against the proposed enlargement.

3. At the March 17, 2009 hearing, The County Commission of Pendleton County considered and determined the feasibility of the enlargement of Pendleton County Public Service District's service territory and determined that the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience to the proposed enlarged area and that the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed enlarged area.

4. Notice of the March 17, 2009 hearing and description of the territory of the proposed enlargement of Pendleton County Public Service District's service territory was published as a Class I legal advertisement at least ten (10) days prior to the hearing in each city, incorporated town or municipal corporation in Grant County which is located in the proposed enlargement area. In addition, notice of the hearing and description of the territory included in the proposed enlargement of Pendleton County Public Service District's service territory was posted in at least five (5) conspicuous places in Grant County which are located in the proposed enlargement area.

[Remainder of Page Intentionally Blank]

Entered this 17th day of March, 2009.

Judy Hott, President

Robert Armentrout, Commissioner

Carl Hevener, Commissioner

CERTIFICATION

Certified a true copy of an Order duly entered by THE COUNTY COMMISSION OF PENDELTON COUNTY on the 17th day of March, 2009.

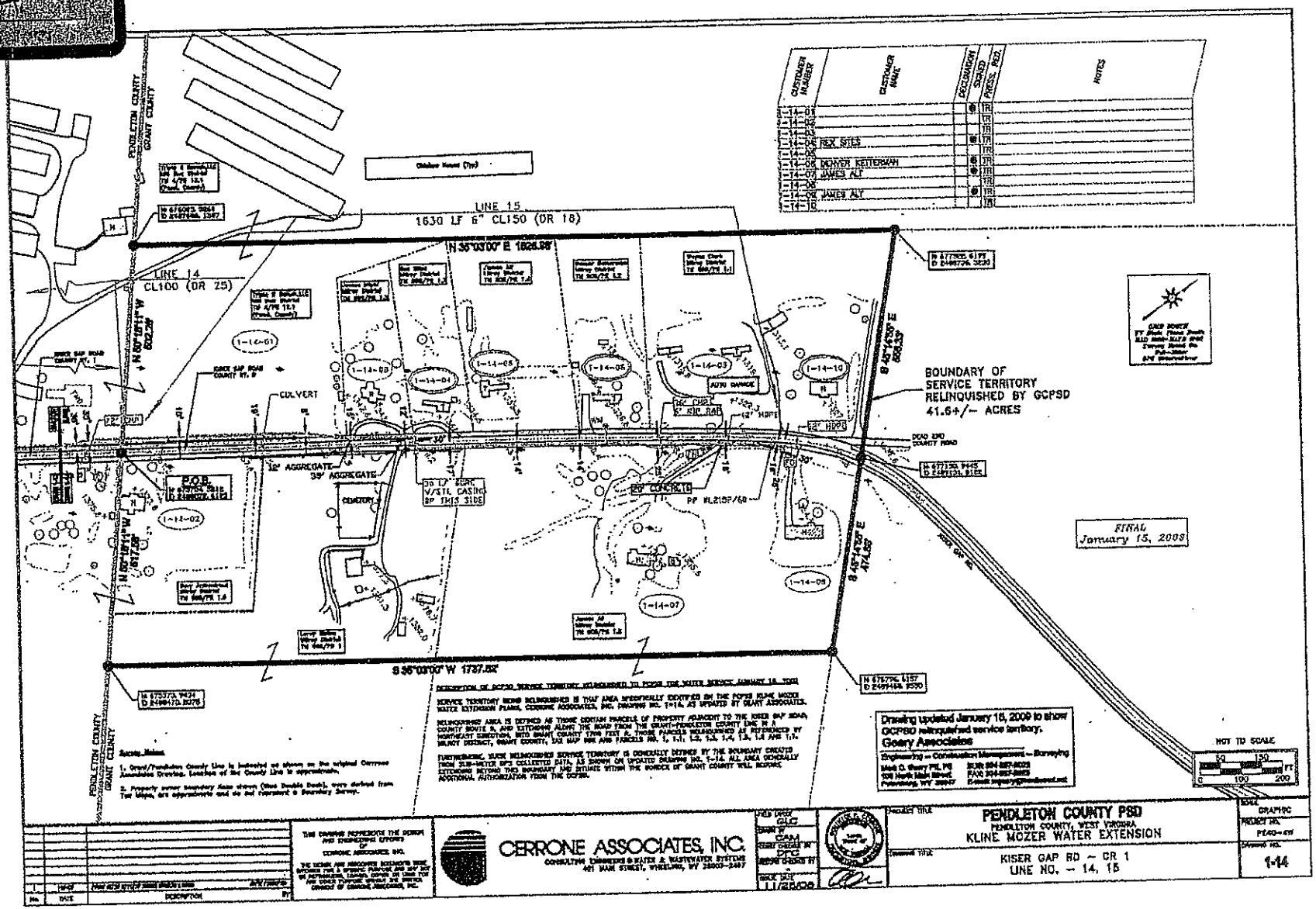
Dated: March 17, 2009.

Linda D. Kuykendall
County Clerk

[SEAL]

3.12.09
694280.00002

EXHIBIT A



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LINE 14
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PENDLETON COUNTY
GRANT COUNTY
CULVERT
12" AGGREGATE
39" AGGREGATE
CEMETERY
P.O.B.
BOUNDARY OF
SERVICE TERRITORY
RELINQUISHED BY GCPSD
41.6+/- ACRES
FINAL
January 15, 2009
Drawing updated January 15, 2009 to show GCPSD relinquished service territory.
Geary Associates
NOT TO SCALE
CERRONE ASSOCIATES, INC.
PENDLETON COUNTY PSD
PENDLETON COUNTY, WEST VIRGINIA
KLINE MOZER WATER EXTENSION
KISER GAP RD - CR 1
LINE NO. - 14, 15
1-14

AFFIDAVIT OF PUBLIC NOTICE
BY POSTING

STATE OF WEST VIRGINIA

COUNTY OF Pendleton, to wit:

I, Tammy George, being first fully sworn upon my oath, do depose and say that a certified copy of The County Commission of Pendleton County's February 17, 2009 Order proposing enlargement of Pendleton County Public Service District's service territory was posted in five (5) conspicuous places in Grant County that are located in the enlarged service territory not less than ten (10) days prior to The County Commission of Pendleton County's March 17, 2009 public hearing on the enlargement of Pendleton County Public Service District's service territory, as required by West Virginia Code § 16-13A-2.

Tammy George

Taken, subscribed and sworn to before me in said county this 17 day of March, 2009.

My commission expires November 27, 2017.

Karen Pitsenbarger
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Karen Pitsenbarger
Pendleton County Commission
PO Box 187
Franklin, WV 26807
My commission expires November 27, 2017

694280.00003

CH5110103.1

May 4, 2009

090396com050409.wpd

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 4th day of May, 2009.

CASE NO. 09-0396-PWD-PC

THE COUNTY COMMISSION OF PENDLETON COUNTY, Franklin, Pendleton County, and THE COUNTY COMMISSION OF GRANT COUNTY, Petersburg, Grant County.

Petition for consent and approval to enlarge the service territory of Pendleton County Public Service District and to reduce the service territory of Grant County Public Service District.

COMMISSION ORDER

The Commission approves a petition to revise the service territory of two public service districts.

BACKGROUND

In Case Number 09-0115-PWD-PC-CN, the Pendleton County Public Service District has applied for a certificate of convenience and necessity for the Kline-Mozer project to extend its water system to serve 87 new customers, and a small portion of those new customers reside in Grant County. Grant County Public Service District does not object to the Grant County residents being served by the Pendleton County PSD. Application p. 4, Pendleton Co. PSD, Case No. 09-0115-PWD-PC-CN (filed Feb. 10, 2009).

Consistent with the recitations in the certificate application in Case Number 09-0115-PWD-PC-CN, the County Commissions of Pendleton County and Grant County petitioned on March 20, 2009, for the Public Service Commission's consent to enlarge the service territory of Pendleton County PSD and to reduce the service territory of Grant County PSD. In support of the petition, they filed

Pendleton County Commission	Grant County Commission
County Commission Order entered Feb. 17, 2009, *proposing to enlarge* Pendleton County PSD's service territory	**County Commission Order** entered Feb. 10, 2009, *proposing to reduce* Grant County PSD's service territory
Affidavit certifying that the Feb. 17, 2009 Pendleton County Commission Order was posted in five conspicuous places in Grant County where Pendleton County PSD proposes to provide water service	**Affidavit** certifying that the Feb. 10, 2009 Grant County Commission Order was posted in five conspicuous places in Grant County where Pendleton County PSD proposes to provide water service
Affidavit of publication evidencing notice of the Pendleton County Commission's March 17, 2009 hearing on the *proposed enlargement* of Pendleton County PSD's service territory	**Affidavit of publication** evidencing notice of the Grant County Commission's March 10, 2009 hearing on the *proposed reduction* of Grant County PSD's service territory
County Commission Order entered March 17, 2009, *enlarging* Pendleton County PSD's service territory	**County Commission Order** entered March 10, 2009, *reducing* Grant County PSD's service territory

See Exhibits A-G.

On April 13, 2009, Commission Staff advised that no opposition was raised to the proposed boundary changes at either of the county commission hearings. Initial & Final Joint Staff Memorandum p. 2.

Staff legal counsel advised that W. Va. Code §16-13A-2 was amended in 2005 to leave to the Public Service Commission's discretion whether a hearing should be conducted in the Public Service Commission proceedings relating to a proposed boundary change. Prior to this amendment, the Public Service Commission was statutorily required to hold a hearing, and the Commission's rules[1] have not been revised and still require a hearing in a boundary change case. Initial & Final Joint Staff Memorandum pp. 2-3.

Staff legal counsel expressed concern that without a Public Service Commission hearing, the affected public has no notice of the ability to provide information to the Public Service Commission as to whether the boundary change should occur. Initial & Final Joint Staff Memorandum p. 3. Staff legal counsel noted that in an Order entered on November 9, 2005, the Public Service Commission required such notice in Cabell County Commission, Case Number 05-1019-PSD-PC.

---

[1] Rule 7.3 of the Commission's Rules for the Government of Sewer Utilities, 150 C.S.R. Series 5, and Rule 8.3 of the Commission's Rules for the Government of Water Utilities, 150 C.S.R. Series 7.

Staff legal counsel also acknowledged that the Public Service Commission entered an Order on January 21, 2009, in Fayette County Commission, Case Number 08-1861-PWD-PC, reciting that it is within the Commission's discretion whether notice and hearing are necessary in Public Service Commission proceedings regarding boundary modification requests. Initial & Final Joint Staff Memorandum pp. 3-4. In that recent case, the Public Service Commission did not require any hearing or notice of the Public Service Commission proceeding, after a hearing on the proposed boundary change was noticed and held in the affected county and no one appeared at the county commission hearing. See Comm'n Order p. 2, Fayette Co. Comm'n, Case No. 08-1861-PWD-PC (Jan. 21, 2009).

Legal and technical Staff advised that the Grant and Pendleton County Commissions had complied with W. Va. Code § 16-13A-2 and recommended that the Commission consent to the enlargement of Pendleton County PSD's service territory and the reduction of Grant County PSD's service territory. Initial & Final Joint Staff Memorandum p. 4. Staff legal counsel deferred to the Public Service Commission as to whether notice of the Public Service Commission proceeding should be provided in this case. Id.

On April 23, 2009, the Grant and Pendleton County Commissions responded, stating that notices were posted and published in both Grant and Pendleton Counties and that the orders proposing enlargement and reduction each noted that the actions being taken were subject to Public Service Commission approval. Therefore, the Grant and Pendleton County Commissions argued that further notice was not necessary. Ltr. p. 1.

DISCUSSION

W. Va. Code §16-13A-2 establishes the requirements for revising public service district boundaries. In accordance with those requirements, the Pendleton County Commission provided notice, conducted a hearing and issued an order approving the enlargement of the Pendleton County PSD's service territory and the Grant County Commission provided notice, conducted a hearing and issued an order approving the reduction of the Grant County PSD's service territory. As required by W. Va. Code §16-13A-2(f), the Grant and Pendleton County Commissions now seek the approval of the Public Service Commission for these changes.

It is within the Public Service Commission's discretion to determine whether notice and hearing are necessary in Public Service Commission proceedings regarding proposed boundary modification. W. Va. Code §16-13A-2(f). No one appeared at the Grant and Pendleton County hearings after notice of the proposed changes was posted and published. Upon these facts, the Public Service Commission will not require any notice or hearing of the Public Service Commission proceedings and will approve the requested reduction of Grant County PSD service territory and the enlargement of the Pendleton County PSD service territory.

FINDINGS OF FACT

1. On March 20, 2009, the Grant and Pendleton County Commissions filed a petition for the Commission's approval of County Commission Orders to reduce the Grant County PSD service territory and enlarge the Pendleton County PSD service territory, pursuant to W. Va. Code §16-13A-2. See Petition & exhibits.

2. After notice and hearing, the Grant County Commission approved the reduction of the Grant County PSD service territory and the Pendleton County Commission approved the enlargement of the Pendleton County PSD service territory. See Petition Exhibits A & E.

3. Staff recommended that the petition be approved. Staff deferred to the Public Service Commission whether hearing and notice should be provided of the Public Service Commission proceedings. Initial & Final Joint Staff Memorandum pp. 3-4 (Apr. 13, 2009).

CONCLUSIONS OF LAW

1. No County Commission order regarding public service district boundary modifications is effective without approval by the Public Service Commission. W. Va. Code §16-13A-2.

2. Adequate public notice of the boundary change for the Pendleton County PSD and the Grant County PSD has been provided.

3. It is reasonable to approve the enlargement of the Pendleton County PSD service territory and the reduction of the Grant County PSD service territory so that Grant County residents in the affected area may receive public water service.

ORDER

IT IS THEREFORE ORDERED that the petition to reduce the service territory of Grant County PSD and to enlarge the service territory of Pendleton County PSD is approved.

IT IS FURTHER ORDERED that this case shall be removed from the Commission docket of open cases.

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

A True Copy, Teste

Sandra Squire
Executive Secretary

CLW/sek
090396c.wpd

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
(304) 353-8196 – Telephone
(304) 353-8181 – Facsimile
john.stump@steptoe-johnson.com

March 20, 2009

Via Hand Delivery
Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

RECEIVED
09 MAR 20 PM 4:51
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Re: CASE NO.: 09-0396-PWD-PC
THE COUNTY COMMISSION OF PENDLETON COUNTY and THE COUNTY COMMISSION OF GRANT COUNTY
Petition for consent and approval to enlarge the service territory of Pendleton County Public Service District and to reduce the service territory of Grant County Public Service District.

Dear Ms. Squire:

Enclosed herein for filing on behalf of the County Commission of Pendleton County ("Pendleton County Commission") and the County Commission of Grant County ("Grant County Commission") please find the original and twelve (12) copies of the following:

A. **Pendleton County Commission**

1. March 17, 2009 order of the Pendleton County Commission enlarging the service territory of Pendleton County Public Service District ("Pendleton County PSD"), attached hereto as "Exhibit A";

2. Affidavit certifying that the Pendleton County Commission's February 17, 2009 order proposing enlargement of Pendleton County PSD's service territory was posted in five (5) conspicuous places in Grant County that are located in the enlarged service territory, attached hereto as "Exhibit B";

3. February 20, 2009 letter to Sandra Squire filing with the Commission the Pendleton County Commission's February 17, 2009 order proposing enlargement of Pendleton County PSD's service territory, attached hereto

as "Exhibit C";

4. March 9, 2009 letter to Sandra Squire filing with the Commission an affidavit of publication evidencing notice of the Pendleton County Commission's March 17, 2009 hearing on the proposed enlargement of Pendleton County PSD's service territory, attached hereto as "Exhibit D".

B. **Grant County Commission**

1. March 10, 2009 order of the Grant County Commission reducing the service territory of Grant County Public Service District ("Grant County PSD"), attached hereto as "Exhibit E";

2. Affidavit certifying that the Grant County Commission's February 10, 2009 order proposing reduction of Grant County PSD's service territory was posted in five (5) conspicuous places in Grant County that are located in the reduced service territory, attached hereto as "Exhibit F";

3. February 20, 2009 letter to Sandra Squire filing with the Commission the Grant County Commission's February 10, 2009 order proposing reduction of Grant County PSD's service territory, attached hereto as "Exhibit C";

4. February 27, 2009 letter to Sandra Squire filing with the Commission an affidavit of publication evidencing notice of the Grant County Commission's March 10, 2009 hearing on the proposed reduction of Grant County PSD's service territory, attached hereto as "Exhibit G"; and

I ask that you please file the enclosed documents and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,

John C. Stump
WVSB No. 6385

JCS/tms
Enclosures
cc: Michael A. Wagoner, Chairman (w/o enclosure)
Terry Lively, Assistant Director (w/o enclosure)
Dominick P. Cerrone, P.E. (w/o enclosure)

694280.00003

CH5113462.2

COUNTY COMMISSION OF GRANT COUNTY

5 Highland Avenue
Petersburg, WV 26847
Phone: (304)257-4422
Fax: (304)257-9645
Email: gccomm@mountain.net

COMMISSIONERS:
CHARLES L. GOLDIZEN, JR.
PRESIDENT
Arthur, West Virginia

JEFFREY S. BARGER
Petersburg, West Virginia

JIM WILSON
Petersburg, West Virginia

ADMINISTRATOR:
LUCINDA A. WHETSELL

Ms. Barbara Smith
1746 Patterson Creek Road
Petersburg, WV 26847

November 14, 2005

Dear Ms. Smith:

At the November 14, 2006 Grant County Commission meeting, the Commission voted to reappoint you as a member of the Grant County Public Service District Board. This reappointment will expire on October 30, 2012.

On behalf of the citizens of Grant County, the Commission would like to thank you for your service on this board. It is our continued please to work with you.

Sincerely,

Charles L. Goldizen, Jr., President

Jeffrey S. Barger, Commissioner

James E. Wilson, Jr., Commissioner

Cc: Grant County PSD

3 BPH
1 RD

COUNTY COMMISSION OF GRANT COUNTY

5 Highland Avenue
Petersburg, WV 26847
Phone: (304)257-4422
Fax: (304)257-9645
Email: gccomm@mountain.net

COMMISSIONERS:
JAMES C. COLE
PRESIDENT
Petersburg, West Virginia

JAMES E. WILSON, JR.
Petersburg, West Virginia

DOUG SWICK
Petersburg, West Virginia

ADMINISTRATOR:
ED FISCHER

September 8, 2009

Patricia Kitzmiller
Grant County Public Service District
P.O. Box 806
Petersburg, WV 26847

Dear Grant County PSD Board Members,

We are pleased to confirm Leland T. Ours, Jr. is reappointed as a member of the Grant County Public Service District Board of Directors for a term of six (6) years.

The Commission would like to that Mr. Ours for his past service and look forward to his continued service until July 17, 2015.

Furthermore, the commission would like to express our appreciation for your efforts to expand water coverage in Grant County. We look forward to working with you to develop additional sources of water in the northern part of Grant County. With the expansion of Corridor H we anticipate growth and development in this area and expanded water and sewer service opportunities.

We appreciate your cooperation in our efforts to expand communication services in the new Petersburg Business and Technology Park. Being able to locate a microwave dish on your water tower will enhance our efforts to bring high speed internet and voice services to this park and recruit the kind of businesses that need these high bandwidth services.

James C. Cole
President

James E. Wilson, Jr.
Commissioner

Doug Swick
Commissioner

SEP 10 2009

COUNTY COMMISSION OF GRANT COUNTY

5 Highland Avenue
Petersburg, WV 26847
Phone: (304)257-4422
Fax: (304)257-9645
Email: gccomm@mountain.net

COMMISSIONERS:
JAMES E. WILSON, JR
PRESIDENT
Petersburg, West Virginia

JAMES C. COLE
Petersburg, West Virginia

DOUG SWICK
Petersburg, West Virginia

ADMINISTRATOR:
ED FISCHER

11-30-16

November 10, 2010

Patricia Kitzmiller, Chairwoman
Grant County Public Service District
P.O. Box 806
Petersburg, WV 26847

The Grant County Commission is pleased to re-appoint you to the Grant County Public Service District Board of Directors. We appreciate your willingness to serve on this advisory board. The Grant County PDS is a very strategic board for growth, infrastructure development, and progress in Grant County therefore we are trusting our future success to your active involvement and engagement on this board.

We realize that this is a volunteer position but want you to know that your service is valued and appreciated. Your integrity and solid leadership will help distinguish Grant County as a progressive place to live and work. Because we have so many quality of life attributes and natural resources, we feel Grant County can benefit from your guidance as we provide quality water solutions to the constituents of this region.

Kindest Regards,

James E. Wilson, Jr.

James E. Wilson, Jr.
President

BOOK 009 PAGE 422

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

I, Barbara Smith, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and I will faithfully discharge the duties of the office of Board Member of Grant County Public Service District to best of my skill and judgement.

So help me God.

Barbara Smith

Sworn and subscribed to before me, the undersigned authority, this the 5th day of FEB, 2007.

Harold G Hun

RECEIVED
FEB 20 2007

BOOK 0009 PAGE 618

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

I, Thad Ours, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and I will faithfully discharge the duties of the office of Board Member-Grant Co PSD to best of my skill and judgement. So help me God.

Thad Ours

Sworn and subscribed to before me, the undersigned authority, this the 25 day of AUG, 2009.

Harold G Auer

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

BOOK 0009 PAGE 661

I, Patricia Kitzmiller, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and I will faithfully discharge the duties of the office of Board Member of the Grant Co. Public Serv. Dist. to best of my skill and judgement.

So help me God.

Patricia Kitzmiller

Sworn and subscribed to before me, the undersigned authority, this the 29 day of DEC, 2010.

Harold G Hiser

HAROLD G HISER

RULES OF PROCEDURE 1.5

GRANT COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. The name of this Public Service District shall be GRANT COUNTY PUBLIC SERVICE DISTRICT (the "District").

Section 2. The principal office of the District will be located in Petersburg, West Virginia.

Section 3. The official seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Grant County Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin on the 1st day of July in each year and shall end on June 30 of the following year.

ARTICLE II

PURPOSE

Section 1. The District is organized and operated exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of the District (the "Board") shall be those persons appointed by The County Commission of Grant County, West Virginia (the "County Commission"), 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 Board resign or otherwise become legally disqualified to serve as a member of the Board, the District 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 Board, the District 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 Board.

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

Section 4. Each board member shall, within 6 months of taking office, successfully complete the training program established and administered by the Public Service Commission of West Virginia in conjunction with the West Virginia Department of Environmental Protection and the West Virginia Bureau for Public Health.

Section 5. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the District, nor shall a former board member be hired by the District in any capacity within a minimum of 12 months after such board member's term has expired or after such board member has resigned from the Board.

Section 6. Salaries of the board members shall be established as provided in Chapter 16, Article 13A, Section 4 of the Act. The District shall certify the number of customers served to the Public Service Commission of West Virginia on the first day of July each year. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties.

Section 7. The members of the Board are not personally liable or responsible for any obligations of the District or the Board but are answerable only for willful misconduct in the performance of their duties.

ARTICLE IV

MEETINGS OF THE BOARD

Section 1. The members of the Board shall hold regular monthly meetings on such days of each month and 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 Board may be called at any time by the Chairperson or by a quorum of the Board.

Section 2. At any meeting of the Board, a majority of the members of the Board shall constitute a quorum. Each member of the Board shall have one vote at any meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 72 hours 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 at such meeting, and no business other than that stated in the notice shall be transacted at such special meeting.

Section 4. Pursuant to Chapter 6, Article 9A, Section 3 of the Code of West Virginia, 1931, as amended, notice of the date, time, place and agenda of all regularly scheduled meetings of the Board, and the date, time, place and purpose of all special meetings of the Board, shall be made available, in advance, to the public and news media as follows:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the Grant County Courthouse, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 72 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
Grant County Press	P.O. Box 39 Petersburg, WV 26847
WELD FM 101.7	HC 85 Box 1A Fisher, WV 26818

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of these Rules of Procedure, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately be given to the public and news media by posting at the places and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting is to be held. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the Grant County Courthouse, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 72 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 3. Emergency Meetings. The Board may hold a meeting without providing the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Board member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated,

voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 5. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 4 above.

ARTICLE V

OFFICERS

Section 1. The officers of the Board shall be a Chairperson, Secretary and Treasurer. The Chairperson shall be elected from the members of the Board. The Secretary and Treasurer need not be members of the Board.

Section 2. The officers of the Board shall be elected each year by the members at the first meeting after the first day of January of each 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 Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the next annual organizational meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairperson shall preside as Chairperson at all meetings of the Board. The Chairperson shall, together with the Secretary, sign the minutes of all meetings at which the Chairperson shall preside. The Chairperson shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon the Chairperson by the Board, by these Rules of Procedure, or prescribed by law. The Chairperson shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements, or other documents 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. If the Chairperson is absent from any meeting, the remaining members of the Board shall select a temporary chairperson.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. Duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. The Secretary shall, together with the Chairperson, sign the minutes of the meetings at which the Secretary is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. The Secretary shall also perform such other duties as may be required of the Secretary by law or as may be conferred upon the Secretary from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out 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 the Treasurer 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. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public inspection. At the end of the Treasurer's term of office, the Treasurer shall promptly deliver all financial records of the District to the successor in office. The Treasurer shall also perform such other duties as may be required of the Treasurer by law or as may be conferred upon the Treasurer from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

Section 5. No money may be paid out by the District except upon an order signed by the Chairperson and Secretary, or such other person or persons authorized by the Chairperson or the Secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to

be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the Board.

Section 6. The members and officers of the Board shall make available to the County Commission, at all times, all of its books and records pertaining to the District's operation, finances and affairs, for inspection and audit.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

Section 1. These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board when a quorum is present and a majority of those present vote for the alteration, change, amendment or addition; but no such alteration, change, amendment or addition shall be made at any special meeting unless notice of the intention to propose such alteration, change, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such special meeting.

Adopted this 21st day of July, 2005

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Public Service Board of Grant County Public Service District on July 21, 2005.

Dated this 28th day of July, 2005.

[SEAL]

Barbara M. Arnett
Secretary

06/29/05
101981/00302

Minutes of the Grant County PSD Regular Board Meeting of 02/10/11

The Grant County Public Service District (GCPSD) Board of Directors held a regular board meeting on Thursday, February 10, 2011, 4:30 PM, at the Grant County PSD office located on Rt. 28/55, one mile west of Petersburg, WV.

Present were: Patricia Kitzmiller, Chairman; Thad Ours, Treasurer; Barbara Smith, Secretary; Sherry Goldizen, Office Manager; and Mark Geary, Geary Associates.

Patricia Kitzmiller called the meeting to order.

Barbara Smith motioned to approve the minutes of the regular board meeting of January 31, 2011, as presented. Thad Ours seconded the motion. Motion carried.

At the January 6th Board of Directors meeting, the Board unanimously approved that the officers remain the same as follows: Patricia Kitzmiller, Chairman, Thad Ours, Treasurer and Barbara Smith, Secretary. The election of officers was erroneously omitted from the January 6th minutes. BOARD OFFICERS

Operation and Maintenance Department Report

Sherry Goldizen reported the following for the Month of January 2011:

- Completed forty-three (43) work orders issued by office personnel.
- Installed zero (0) new taps.
- January 17th – flushed water lines in the Veach Ext. area, estimated water use of 5,000 gal.
- January 19th – repaired a busted water meter bottom on Jordan Run, estimated water loss of 30,000 gal.
- January 26th – repaired a busted water meter bottom at the Todd Ice residence on North Fork, estimated water loss of 10,000 gal.
- January 31st – repaired a service line water leak on Jordan Run, estimated water loss of 70,000 gal.

Presented the Board with copies of work performed sheets from the maintenance department for the Month of January 2011. Nothing to report at this time.

Office Report

The Board of Directors were presented invoices for payment approval (list attached),a copy of terminations made on February 2nd due to non-payment of water bills, Water Loss Report for the month of January 2011, New Taps Report for January 2011 and Bank Statements for January 2011.

Thad Ours motioned to approve payment of invoices as presented. Barbara Smith seconded the motion. Motion carried.

Inquiries, Requests and Updates For Water Service

Deep Springs Update - Case No. 10-0953-PWD-CN

Mark Geary, Geary Associates was present to report the official tabulation of all bids that were opened on January 31st. The Bid results are as follows:

Contract 1	J. F. Allen	$714,500.00
Contract 2	Eastern Tank & Utility	$ 82,000.00
Contract 3	Instrulogic Telemetry Systems	$ 42,449.75

Mr. Geary also presented the Board with additional documentation for their approval.

Thad Ours motioned to approve the following: Certificate Regarding Debarment, Suspension, and Other Responsibility Matters, DWTRF Loan and/or EPA SAP Grant Owner Cross Cutter Assurance Certificate, and Offer and Acceptance of Federal Grant for Water Treatment Works. Barbara Smith seconded the motion. Motion carried.

Mr. Geary also informed the Board that two (2) separate checking accounts will need to be opened in the following amounts for this project:

Deep Springs Construction – $84,532.00
Hedrick Hill Construction – $35,656.00

Hedrick Hill Pump Station - Case No: 10-1487-PWD-PC
Mark Geary, Geary Associates, met with the Board on Friday, February 4th to update them on the Bid tabulations and the shortfall of funds due to the bids exceeding the budget. This issue will be addressed at the 02/10/11 Board meeting.

Thad Ours motioned for the Grant County Public Service District to commit an additional $15,129.00, to cover the Budget shortfall. Barbara Smith seconded the motion. Motion carried.

New Business
Leak Adjustments Requests
The Board of Directors unanimously approved the following leak adjustment requests received:

Acct.# 2432	Elsie Keplinger	$ 37.06

CD – Acct.# 23618
The Board approved to cash in this CD to transfer toward the commitment funding for the Deep Springs/Hedrick Hill projects in the amount of $120,188.00.

Personnel
Employee time sheets and leave requests for the pay date of February 11th were reviewed and approved.

Meeting adjourned.

Patricia Kitzmiller, Chairperson

Barbara Smith, Secretary

Approval Date: _____

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GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund); and
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTIONS, SUPPLEMENTAL RESOLUTIONS, DRAW RESOLUTIONS AND SWEEP RESOLUTION

The undersigned SECRETARY of Grant 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:

*** *** ***

Grant County Public Service District met, pursuant to notice duly posted, on the 10th day of March, 2011, in Petersburg, West Virginia, at the hour of 4:30 p.m.

PRESENT: Patricia Kitzmiller, Chairman
Barbara Smith, Secretary
Leland T. Ours, Jr.
John Stump, Steptoe & Johnson PLLC

Patricia Kitzmiller, Chairman, presided, and Barbara Smith, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution (Deep Springs Project) in writing entitled:

RESOLUTION AUTHORIZING THE ISSUANCE BY THE GRANT COUNTY PUBLIC SERVICE DISTRICT OF $328,300 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS

AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Thad Ours and seconded by Barbara Smith, 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 Bond Resolution (Deep Springs Project) in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF GRANT COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Barbara Smith and seconded by Thad Ours, it was unanimously ordered that the said Supplemental Bond 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 (Deep Springs Project) for the approval of invoices from the construction loans. Thereupon, on motion duly made by Thad Ours and seconded by Barbara Smith, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Bond Resolution (Hedrick Hill Project) in writing entitled:

RESOLUTION AUTHORIZING THE ISSUANCE BY THE GRANT COUNTY PUBLIC SERVICE DISTRICT OF $115,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A

LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Thad Ours and seconded by Barbara Smith, 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 Bond Resolution (Hedrick Hill Project) in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF GRANT COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Barbara Smith and seconded by Thad Ours, it was unanimously ordered that the said Supplemental Bond 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 (Hedrick Hill Project) for the approval of invoices from the construction loans. Thereupon, on motion duly made by Thad Ours and seconded by Barbara Smith, 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 Barbara Smith and seconded by Thad Ours, it was unanimously ordered that the said Sweep Resolution be adopted.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Grant 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 10th day of March, 2011.

Barbara Smith
Secretary

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349590.00002

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WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 22-Mar-11

ISSUE: Grant County Public Service District
Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 806, Petersburg, West Virginia 25847 COUNTY: Grant

PURPOSE OF ISSUE:
New Money: x
Refunding:

ISSUE DATE: 22-Mar-11
ISSUE AMOUNT: $115,000
1ST DEBT SERVICE DUE: 1-Sep-12
1ST DEBT SERVICE AMOUNT $1,110.50

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE: 22-Mar-11
RATE: 1%
1ST PRINCIPAL DUE 1-Sep-12
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: 304.353.8196

CLOSING BANK:
Bank: Summit Community Bank
Contact: Joanie Ours
Phone: 304.257.1244

KNOWLEDGEABLE ISSUER CONTACT
Contact: Patricia Kitzmiller
Position: Chairman
Phone: 304.257.2377

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: 304.340.1318

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: West Virginia Inftrastructure & Jobs Development Council
Contact: Jim Ellars, P.E.
Position: Executive Director
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____	Accrued Interest:	$
____	Capitalized Interest:	$
____	Reserve Account:	$
____	Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____	To Escrow Trustee	$
____	To Issuer	$
____	To Cons. Invest. Fun	$
____	To Other: ____	$

NOTES: The Series 2011 B Bonds Reserve Account will be funded over 10 years.

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

Hedrick Hill Project

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Summit Community Bank, Petersburg, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Grant County Public Service District (the "Issuer") adopted March 10, 2011, and the Supplemental Resolution of the Issuer adopted March 10, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated March 22, 2011, issued in the principal amount of $115,000 (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 22nd day of March, 2011

SUMMIT COMMUNITY BANK

By: _____
Its: Authorized Officer

02.28.11
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GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Grant County Public Service District Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated March 22, 2011, issued in the aggregate principal amount of $115,000 (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 22nd day of March, 2011.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

02.18.11
349590.00002

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Grant County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, dated March 22, 2011, in the principal amount of $115,000, numbered BR-1, was 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 22nd day of March, 2011.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

02.18.11
349590.00002

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GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of March, 2011, by and between GRANT COUNTY PUBLIC SERVICE DISTRICT, a 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 $115,000 Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted March 10, 2011, and the Supplemental Resolution of the Issuer duly adopted March 10, 2011 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, 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: Grant County Public Service District
Post Office Box 806
Petersburg, West Virginia 26847
Attn: 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 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 written about.

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

02.18.11
349590.00002

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date March 22, 2011

Grant County Public Service District
Account Number 6089001809

Grant County Public Service District
Water Revenue Bonds, Series 2011 B (Hedrick Hill Project)
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR March, 2011

****

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

PWSID#WV33001202

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

PROJECT: (Water) Deep Springs Water Line Extension **PERMIT NO.:** 18,414

LOCATION: near Rough Run **COUNTY:** Grant **DATE:** 10-5-2009

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Grant County Public Service Water District
P. O. Box 806
Petersburg, West Virginia 26847

is hereby granted approval to: install approximately 10,600 LF of 6" and 9.620 LF of 4" water line; one (1) 75 GPM duplex water booster station with booster chlorination and VFD; one (1) 21,000 gallon water storage tank; Deep Springs system telemetry and Grant County PSD telemetry upgrades; and all necessary valves, controls and appurtenances.

Facilities are to initially serve 34 customers in the Deep Springs area of the Grant County PSD.

NOTE: **This permit is contingent upon: all new water line and water storage tank being disinfected, flushed and bacteriologically tested prior to use; and 2) Enclosing the 21,000 gallon water storage tank with a minimum six (6) feet high fence with a locking gate.**

The Environmental Engineering Division of the **OEHS-Kearneysville District Office, (304) 725-9453,** 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:cls
pc: Geary Associates
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Grant County Health Department
OEHS-EED Kearneysville District Office

CERTIFICATE OF LIABILITY INSURANCE

DATE 3/16/2011

PRODUCER
WVCoRP
308 Market Street, SE
Suites 1&2
Roanoke VA 24011

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

INSURED
Grant County
5 Highland Ave.
Petersburg, WV 26847

Company A: West Virginia Counties Group Self Insurance Risk Pool
Company B:
Company C:
Company D:

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	POLICY EXPIRATION DATE	LIMITS		
A	*GENERAL LIABILITY* ☒ Commercial General Liability ☐ Claims Made ☒ Occur ☐ Owners & Contractors Prot ☐ _____	WV-GR-012-11	7/1/2010	7/1/2011	General Products- Comp/OP Personal & ADV Injury Each Occurrence Fire Damage (Any one fire) Med. Exp. (Any one person)	$ $ $ $ $ $	2,000,000 2,000,000 2,000,000 2,000,000 100,000 0
A	*AUTOMOBILE LIABILITY* ☒ Any Auto ☐ All Owned Autos ☐ Scheduled Autos ☐ Hired Autos ☐ Non-Owned Autos	WV-GR-012-11	7/1/2010	7/1/2011	Combined Single Limit Bodily Injury (Per person) Bodily Injury (Per accident) Property Damage	$ $ $ $	2,000,000
A	*LAW ENFORCEMENT LIABILITY*	WV-GR-012-11	7/1/2010	7/1/2011	Each Wrongful Act Deducible	$ $	2,000,000 10,000
A	*PUBLIC OFFICIALS LIABILITY INCLUDING EMPLOYMENT PRACTICES LIABILITY*	WV-GR-012-11	7/1/2010	7/1/2011	Each Loss Annual Aggregate Deductible	$ $ $	2,000,000 2,000,000 10,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Proprietor/Partners /Executive Officers Are: ☐ Incl ☐ Excl				☐ WC Statutory Limits ☐ Other EL Each Accident EL Disease-Policy Limit EL Disease-Each Emp.	 $ $ $	
A	*OTHER* Property	WV-GR-012-11	7/1/2010	7/1/2011	$2,500 Deductible/Blanket per schedule on file		
A	Auto Physical Damage	WV-GR-012-11	7/1/2010	7/1/2011	$1,000 Deductible Comprehensive & Collision		
A	Crime	WV-GR-012-11	7/1/2010	7/1/2011	$250,000 Blanket, $250 Deductible		
A	Boiler & Machinery	WV-GR-012-11	7/1/2010	7/1/2011	$1,000 Deductible/Blanket per schedule on file		

Description of Operations/Locations/Vehicles/Special Items: RE: Grant County PSD

CERTIFICATE HOLDER

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

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

Authorized Representative

Carol Jordan

United States Department of Agriculture
Rural Development
West Virginia State Office

March 22, 2011

Grant County Public Service District
Water Revenue Bonds, Series 2011 A; and
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Series 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds and Series 2008 A Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund),issued in the original aggregate principal amount of $328,300, and Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of $115,000 (collectively, the "Series 2011 Bonds") by Grant County Public Service District (the "Issuer"), under the terms of the resolutions (the "Series 2011 Bonds Resolutions") authorizing the Series 2011 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 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000 (the "Series 1976 Bonds"); (2) Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000 (the "Series 1984 Bonds"); (3) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original principal amount of $209,000 (the "Series 1990 Bonds"); (4) Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000 (the "Series 1991 Bonds"); (5) Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original principal amount of $130,000 (the "Series 1993 Bonds"); (6) Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original principal amount of $1,850,000 (the "Series 1999 Bonds"); and (7) Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original principal amount of $500,000 (the "Series 2008 A Bonds") (collectively, the "Prior Bonds"); (ii) waive any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2011 Bonds Resolutions; and (iii) any amendments made to the Prior Resolutions by the Series 2011 Bonds Resolutions.

Authorized Representative

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

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"USDA is an equal opportunity provider, employer and lender."
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WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service ***1974 - 2010***

March 22, 2011

Grant County Public Service District
Water Revenue Bonds, Series 2011 A; and
Water Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the present holder of the Series 2005 A Bonds, hereinafter defined and described, in reliance upon the certificate of Griffith & Associates, independent certified public accountants, and Steptoe & Johnson PLLC, bond counsel, that the Issuer has met the coverage and parity requirements set forth in the Resolution authorizing the Prior Bonds, hereby consents to the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of $328,300, and Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of $115,000 (collectively, the "Series 2011 Bonds") by Grant County Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2011 Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369 (the "Series 2005 A Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Carol A. Cummings
Its: Authorized Representative

02.28.11
349590.00001

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

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

MEMORANDUM

Hedrick Hill Project

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **March 22, 2011**

Re: **Grant County Public Service District Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO DISTRICT:

Payor:	West Virginia Infrastructure and Jobs Development Council
Amount:	$16,500
Form:	Wire Transfer
Bank:	Summit Community Bank, 90 S. Grove Street, Petersburg, WV
ABA No.:	052202225
Acct. No.:	10711364
Contact:	Joanie Ours, 304.257.1244
Account:	Series 2011 B Bonds Construction Trust Fund

02.28.11
349590.00002

HEDRICK HILL
2010W-1203
RESOLUTION OF THE GRANT COUNTY PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO SERVICES FOR THE HEDRICK HILL WATER SYSTEM IMPROVEMENT PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Grant County Public Service District, has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded by the West Virginia Infrastructure & Jobs Development Council (IJDC) 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 Grant County Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC Loan	Local
Steptoe & Johnson	2,500.00	2,500.00	0.00
Huntington Bank (Registrar)	500.00	500.00	0.00
Geary Associates, PLLC	7,000.00	7,000.00	0.00
Geary and Geary, L.C.	3,000.00	3,000.00	0.00
Griffith & Associates	3,500.00	3,500.00	0.00
Total	16,500.00	16,500.00	$0.00

ADOPTED BY the Grant County Public Service District, at the meeting held on the 10th day of March, 2011

Grant County Public Service District

By: Patricia H. Kitzmiller
Its: Chairman

SWEEP RESOLUTION

WHEREAS, the Grant County Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The 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 10th day of March, 2011.

Patricia H. Kitzmiller
Chairman

Barbara Smith
Secretary

Grant County PSD Contribution

Sources

Grant County PSD	100,000.00
Grant County PSD	5,059.00
Grant County PSD	14,949.00
Total Contribution	120,008.00

Uses

Deep Springs Project	84,352.00
Hedrick Hill Project	35,656.00
	120,008.00

GRANT COUNTY PUBLIC SERVICE DISTRICT

P.O. Box 806
Petersburg, West Virginia 26847
Phone: 304-257-2377
Fax: 304-257-9545

Members:
Patricia Kitzmiller
Thad Ours
Barbara Smith

November 9, 2010

The Board of Directors of the Grant County Public Service District is pleased to commit an additional $5059.00 towards the Deep Springs project.

Patricia Kitzmiller, Chairman Barbara Smith, Secretary Thad Ours, Treasurer

This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law. To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington DC 20250-9410 or call (202) 720-5964 (Voice or TDD).

GRANT COUNTY PUBLIC SERVICE DISTRICT

P.O. Box 806
Petersburg, West Virginia 26847
Phone: 304-257-2377
Fax: 304-257-9545

Members:

Patricia Kitzmiller
Thad Ours
Barbara Smith

The Board of Directors of the Grant County Public Service District is pleased to commit $100,000.00 towards the Deep Springs project.

Patricia Kitzmiller, Chairman

Barbara Smith, Secretary

Thad Ours, Treasurer

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2010 JUN 29 AM 8 36
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law. To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington DC 20250-9410 or call (202) 720-5964 (Voice or TDD).

HEDRICK HILL PROJECT

GRANT COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2011 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: MARCH 22, 2011

BONDS TRANSCRIPT

VOLUME II OF II

STEPTOE & JOHNSON PLLC

John C. Stump, Esquire
707 Virginia Street, East
Chase Tower, Seventh Floor
Charleston, WV 25326
(304)353-8196
john.stump@steptoe-johnson.com

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1976

BOND RESOLUTION

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9/13/76

16A

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $350,000 WATER REVENUE BOND, SERIES 1976, OF GRANT COUNTY PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF A PUBLIC WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN UPON THE SYSTEM IN FAVOR OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GRANT 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 Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Grant County Public Service District (herein called the "District") is a public service district created pursuant to said Article 13A by The County Commission of Grant County by merger of Mayaville Public Service District and North Fork Public Service District, both said public service districts also being in Grant County and having been created by said County Commission by orders entered respectively January 14, 1971, and September 12, 1974.

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

(A) The District does not now have a waterworks system and water supply facilities within the District adequate to serve the needs of the District and all or most of such facilities will be abandoned upon completion of the Project.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of

the District, and, accordingly, it is hereby ordered, that there be constructed a new waterworks system of the District consisting of water mains and distribution lines,

with all necessary appurtenant facilities (herein called 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 of the District (herein called now "Board"). Water will be purchased under contract from the City of Petersburg.

(C) It is necessary for the District to issue its revenue bond in the principal amount of $350,000 to finance the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is $1,150,000, of which $350,000 will be obtained from the proceeds of sale of the Series 1976 Bond herein Authorized, $500,000 from a grant from the United States Department of Housing and Urban Development, $100,000 from the County Commission of Grant County, and $200,000 from Appalachian Regional Commission.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 1976 Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized by this resolution.

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

(G) There are not outstanding any obligations of the District nor of the former Maysville Public Service District and North Fork Public Service District which will rank on a parity with or superior to the Series 1976 Bond as to lien and source of and security for payment.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1976 Bond, or will have so complied prior to issuance of the Series 1976 Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Series 1976 Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Series 1976 Bond by the Government, this Resolution shall be deemed to be and shall constitute a contract between the District and the Government, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the 1976 Bond.

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

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond Fund" means the National Finance Office named in the Series 1976 Bond.

"Series 1976 Bond" means the Bond hereby authorized to be issued.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means Carrome & Vaughn _____, Wheeling, West Virginia, or any qualified engineer or firm of engineers

which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Grant County Public Service District, of Grant County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"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 any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

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

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

"Herein" means in this Resolution.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District 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 practices, 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.

"Original Purchaser" means the purchaser, directly from the District, of the Series 1976 Bond or of any part of such series.

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

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District or accrued to the District 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 Board.

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

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF SERIES 1976 BOND

Section 2.01. Authorization of Series 1976 Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1976", is hereby authorized to be issued in the aggregate principal amount of not exceeding Three Hundred Fifty Thousand Dollars ($350,000) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Series 1976 Bond. The Series 1976 Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Series 1976 Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Series 1976 Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Execution of Series 1976 Bond. The Series 1976 Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. The Series 1976 Bond may be signed and sealed on behalf of the District by such person as at the actual time of the execution of such Series 1976 Bond shall hold the proper office on the Board, although at the date of such Series 1976 Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Series 1976 Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Series 1976 Bond of like tenor as the Series 1976 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 1976

Bond or in lieu of and substitution for the Series 1976 Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Series 1976 Bond so surrendered shall be canceled and held for the account of the District. If the Series 1976 Bond shall have matured or be about to mature, instead of issuing a substitute Series 1976 Bond the District may pay the same, and, if such Series 1976 Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Series 1976 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 Series 1976 Bond, and to make the payments into the Bond Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 1976 Bond as the same become due.

Section 2.06. Form of Series 1976 Bond. Subject to the provisions of this Resolution, the text of the Series 1976 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 by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1976

GRANT COUNTY PUBLIC SERVICE DISTRICT

$350,000

No. 1 Date: _____

FOR VALUE RECEIVED, GRANT COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), 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 Three Hundred Fifty Thousand Dollars ($350,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $1,719, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security therefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the

Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. 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.

[CORPORATE SEAL]

GRANT COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

ATTEST:

Petersburg, West Virginia 26847
(Post Office Box No. or Street Address)

(City, State and Zip Code)

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

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

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

SERIES 1976 BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Series 1976 Bond Proceeds; Project Construction Account. All moneys received from the sale of the Series 1976 Bond shall be deposited on receipt by the District in Potomac Valley Bank, Petersburg, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as "Grant County Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia Law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and deposit in the Bond Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Series 1976 Bond on such interest payment date if moneys in the Bond Fund are insufficient for such purpose.

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

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made,

* or Grant County Bank, either or both which are herein referred to as the "bank".

any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Government.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as the Series 1976 Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 1976 Bond remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the Government 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 District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund", is hereby established with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

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

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

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Series 1976 Bond the amounts required to pay the interest on and the principal of the Series 1976 Bond as provided therein.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby established with said Bank, 1/12 of 1/10 of the maximum amount of principal and interest becoming due on the Series 1976 Bond

in any year until the aggregate amount in the Reserve Fund equals the sum of $21,000, which sum is herein called the "Minimum Reserve". After the Minimum Reserve has been accumulated in the Reserve Fund, the District 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 Series 1976 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 Series 1976 Bond to said National Finance Office as the same shall become due or for mandatory redemption of the Series 1976 Bond as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $58,000 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 Series 1976 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 District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 1976 Bond outstanding, or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the entire principal outstanding of the Series 1976 Bond, together with interest accrued and to accrue thereon to the date of prepayment, it shall be the mandatory duty of the District, anything to the contrary in this Resolution notwithstanding, to direct the said Bank to prepay the Series 1976 Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund as herein provided, and all amounts required therefor will be deposited by the District upon transfers of funds from the Revenue Fund at the times provided herein.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used the Government shall have a lien thereon for further securing payment of the Series 1976 Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon

moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent. Losses on investments shall be charged to the particular fund and made up by increased payments into such fund.

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

(D) User Contracts. The District shall, prior to delivery of the Series 1976 Bond obtain user agreements from not less than 315 bona fide users and shall collect from such users and deposit in the Project Construction Account not less than $15,750, based on a tap fee of $50.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Series 1976 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 Series 1976 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 District and the Government.

Section 4.02. Rates. The District 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 1976 Bond and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Series 1976 Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Series 1976 Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Series 1976 Bond remains outstanding, it will, as an expense of operation and maintenance of the

System, procure, carry and maintain 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, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require that each contractor dealing directly with the District ("prime contractor"), obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for persons injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $200,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the District from claims for bodily injury and/ or death, and not less than $200,000 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.

(d) Workmen's Compensation Coverage for all Employees of the

District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 1976 Bond is outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Statutory Mortgage. For the further protection of the Government, 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 Series 1976 Bond.

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

(A) Failure to make payment of any monthly amortization installment into the Bond Fund 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 District contained in the Series 1976 Bond or in this Resolution, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding that covered in (A) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the District by the Government specifying such failure or violation and requiring the same to be remedied.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government 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 Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Series 1976 Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District 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 Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District 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 ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board 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 of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

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

Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District 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 Government.

Section 4.13. Maintenance of System. The District 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 1976 Bond is outstanding.

Section 4.14. No Competition. The District 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 District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Series 1976 Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	$ 3.333 per 1,000 gallons
Next	3,000 gallons	3.10 per 1,000 gallons
Next	4,000 gallons	2.80 per 1,000 gallons
Next	10,000 gallons	2.50 per 1,000 gallons
All over	20,000 gallons	2.20 per 1,000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts, based on size of meter:

Meter Size	Amount
5/8" Meter	$ 10.00
3/4" Meter	14.40
1" Meter	25.60
1 1/2" Meter	57.60
2" Meter	102.40
3" Meter	230.40
4" Meter	409.60
6" Meter	921.60

TAP FEES

Tap fees will be $50 for each new tap prior to award of the construction contract for the Project, and thereafter the tap fee shall be $150 or the actual cost of installation, including materials and labor, whichever is greater.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

If any bill is not paid within 30 days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to

pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus the reconnection fee of $_____ have been paid.

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than $9.00 multiplied by the number of units on the site when the meter is read, or the actual charge for the size of meter installed, whichever is greater. Motels and hotels shall pay according to the size of meter installed.

TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than $9.00 multiplied by the number of units situated on the court site at the time the meter is read or the actual charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District 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 District 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 District 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.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Series 1976 Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

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

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Series 1976 Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof

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

Adopted August 1, 1979.

Chairman of Public Service Board

Member

Member

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1984

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $400,000 WATER REVENUE BOND, SERIES 1984, OF GRANT COUNTY PUBLIC SERVICE DISTRICT ON A PARITY WITH THE 1976 BOND TO FINANCE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE WATERWORKS SYSTEM OF THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GRANT 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 Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Grant County Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Grant County.

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

A. The Issuer now has a public waterworks system and desires to acquire and construct an extension to said system, within the boundaries of the Issuer to be owned and operated by the Issuer. The acquisition and construction of such an extension to the existing waterworks facilities is herein called the "Project."

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be constructed and acquired the Project consisting of water mains and transmission lines with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public

Service Board District (the "Governing Body") of the Issuer. Water will be purchased from the City of Petersburg pursuant to a Water Purchase Agreement between the Issuer and said City of Petersburg. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the principal amount of $400,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided.

D. The estimated maximum cost of the acquisition and construction of the Project is $1,840,000 of which $400,000 will be obtained from the proceeds of sale of the Bond herein authorized, and $1,250,000 from a grant by the Purchaser and $190,000 in grants from other sources.

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

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

G. There are outstanding the obligations of the Issuer which will rank on a parity with the Bond as to lien and source of and security for payment as follows:

> Water Revenue Bond, Series 1976 of the Issuer, dated November 13, 1978 (the "1976 Bond"), issued in the original principal amount of $350,000, held by the Purchaser.

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

West Virginia by final order, the time for rehearing and appeal of which have expired.

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

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

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

"Bond" means the Water Revenue Bond, Series 1984, authorized hereby.

"Bonds" means the Bond and the 1976 Bond.

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

"1976 Bond" means the outstanding Water Revenue Bond, Series 1976, of the Issuer described in Section 1.02 G hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Cerrone & Vaughn, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

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

"Herein" means in this Bond Legislation.

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

"Issuer" means Grant County Public Service District, in Grant County, West Virginia, and includes the Governing Body.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Fund and 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 1.02 B above.

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

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means collectively the 1976 Resolution and the Bond Legislation.

"1976 Resolution" means the resolution of the Issuer adopted August 5, 1977, authorizing the 1976 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.

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

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1984," is hereby authorized to be issued in the aggregate principal amount of not exceeding Four Hundred Thousand Dollars ($400,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

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

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

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of 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.

Section 2.05. 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.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the 1976 Bond in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. 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 all on a parity with the 1976 Bond.

Section 2.08. 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 any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1984

GRANT COUNTY PUBLIC SERVICE DISTRICT

$400,000

No. R-1 Date: _____

FOR VALUE RECEIVED, GRANT COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designated in writing, the principal sum of FOUR HUNDRED THOUSAND DOLLARS ($400,000) plus interest on the unpaid principal balance at the rate of five percent (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 on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and $1,964, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, 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 reverse hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved,

shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of improvements for 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 Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the 1976 Bond described in said Resolution.

GRANT COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

5 Highland Avenue
(P. O. Box No. or Street Address)

Petersburg, West Virginia 26847
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

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

TOTAL $_____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

(No writing on this Bond except by the Issuer as Registrar)

Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

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

Until completion of acquisition and construction of the Project, the Issuer will 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.

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 Purchaser.

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

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

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1976 Resolution and hereby continued. 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 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:

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

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bonds or otherwise the amounts required to pay the interest on the Bonds, and to amortize the principal of these Bonds over the life of each Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund established by the 1976 Resolution and hereby continued, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals the sum of $45,000, such sum being herein called the "Minimum Reserve.". After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds 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 Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds 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 ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, established by the 1976 Resolution with said Bank and hereby continued, 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 $143,000, 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 Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the

Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

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

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

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

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

D. USER CONTRACTS. The Issuer, prior to delivery of the Bond, shall obtain signed user agreements from at least 210 bona fide full time users initially to be served by the Project and deposit in the Project Construction Account not less than $10,500,

based on a tap fee of $50 in full compliance with the conditions and requirements of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

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

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

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

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

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

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or

stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workmen's Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of

the Project in compliance with West Virginia Code Section 38-2-39.

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

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

Section 4.06. Statutory Mortgage. For the further protection of the Purchaser, 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 and shall be for the equal benefit of the Bonds.

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

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

(b) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or

failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records; 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.

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

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the

arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The 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 May 30, 1984, Case No. 83.478-W-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. When such fees, rates and charges have been delinquent for thirty days, the Issuer shall have power pursuant to the Act forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

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

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

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer 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 6.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed sever from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. 1976 Resolution; Conflicting Provisions Repealed. The 1976 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 1976 Bond 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 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

Adopted: June 21, 1984

Chairman of Public Service Board

Member

Member

06/18/84
GRANT1-A

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1990

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $209,000 WATER REVENUE BOND, SERIES 1990, OF GRANT COUNTY PUBLIC SERVICE DISTRICT, ON PARITY WITH THE 1976 BOND AND 1984 BOND OF THE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES IN THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GRANT 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. Grant County Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Grant County of said State, duly created pursuant to the Act by The County Commission of Grant County.

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

A. The Issuer now has a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, betterments and improvements for such existing waterworks facilities of the Issuer with all appurtenant facilities, within the boundaries of the Issuer and 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, extensions and improvements to the existing waterworks facilities of the Issuer, consisting of an extension of the System (herein defined) by approximately 9,000 LF of four inch and two inch water line to serve nine families on Greenland Gap Road, Possum Hollow Road and across country to the Kessel Property, construction of two 31,000 gallon water storage tanks and the increase of the Route 42 booster station capacity from 75 GPM to 100 GPM and the addition of radio telemetry to control the Route 42 booster station, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Issuer will continue to purchase water from the City of Petersburg pursuant to a water purchase contract between the Issuer and said City. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto is 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 the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $330,000, of which $209,000 will be obtained from the proceeds of sale of the Bond herein authorized and $121,000 from a grant by the Purchaser (as hereinafter defined).

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of $209,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any

amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Bond as to liens, pledges and source of and security for payment, being the Water Revenue Bond, Series 1976, dated November 13, 1978 (the "1976 Bond"), issued in the original principal amount of $350,000 and the Water Revenue Bond, Series 1984, dated August 14, 1984 (the "1984 Bond"), issued in the original principal amount of $400,000, both of which are held by the Purchaser. The 1976 Bond and the 1984 Bond are hereinafter collectively referred to as the "Prior Bonds." There are no other outstanding bonds or obligations which will rank prior to or on a parity with the Bond as to liens, pledges and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds or any resolution or 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 waiver thereof.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated August 30, 1988, and all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a

contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1990, authorized hereby.

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

"Bonds" means, collectively, the Bond, the 1976 Bond and the 1984 Bond.

"1976 Bond" means the outstanding Water Revenue Bond, Series 1976, of Issuer described in Section 1.02G hereof.

"1984 Bond" means the outstanding Water Revenue Bond, Series 1984, of the Issuer described in Section 1.02G hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Vaughn Consultants, Inc., St. Clairsville, Ohio, 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 Grant County Bank, Petersburg, 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 year beginning on July 1 and ending on the succeeding June 30.

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

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Grant County Public Service District, in Grant County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated August 30,1988, the amended Letter of Conditions dated June 7, 1989, and all amendments thereto.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the 1976 Bond and the 1984 Bond.

"Prior Resolutions" means, collectively, the 1976 Resolution and the 1984 Resolution, both hereinafter defined.

"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.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident

with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means, collectively, the 1976 Resolution, the 1984 Resolution and the Bond Legislation.

"1976 Resolution" means the resolution of the Issuer adopted August 5, 1977, authorizing the 1976 Bond.

"1984 Resolution" means the resolution of the Issuer adopted June 21, 1984, authorizing the 1984 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.

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

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

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 $330,000, 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 of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1990," is hereby authorized to be issued in the aggregate principal amount of not exceeding $209,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Legislation.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the 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.

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 canceled and held for the account of the Issuer. If the Bond shall have matured

or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. 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 all on a parity with the Prior Bonds.

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 any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1990

GRANT COUNTY PUBLIC SERVICE DISTRICT

$209,000

No. R-1 Date: _____

FOR VALUE RECEIVED, GRANT COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), 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 NINE THOUSAND DOLLARS ($209,000), plus interest on the unpaid principal balance at the rate of 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 $1,027, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after

payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond, 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 Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens, pledges and source of and security for payment, and in all other respects, with the 1976 Bond and the 1984 Bond described in said Resolution.

GRANT COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 816
(P. O. Box No. or Street Address)

Petersburg, West Virginia 26847
(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)	$		(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 (or continued if previously established by the 1976 Resolution and continued by the 1984 Resolution), 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 (established by the 1976 Resolution and continued by the 1984 Resolution and hereby);

(2) Depreciation Reserve (established by the 1976 Resolution and continued by the 1984 Resolution and hereby);

(3) Reserve Fund (established by the 1976 Resolution and continued by the 1984 Resolution and hereby); 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, moneys 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 any of the Bonds 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 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of the 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 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:

(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 Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bonds or otherwise (or such other place as may be subsequently designated pursuant to the Bond with respect to the Bond), the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective lives of each Bond issue.

(iii) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the Depository Bank in the Reserve Fund, 1/12th of 1/10th of the maximum aggregate amount of principal and interest becoming due on the Bonds in any year, until the amount in the Reserve Fund equals such maximum aggregate 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 Bonds 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 or with respect to the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds 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 ratable prepayment of principal of the Bonds.

(iv) The Issuer shall next, each month, 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 $159,500, 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 Bonds 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, any moneys remaining therein and not permitted to be retained therein may be used to prepay portions of the principal amounts of the Bonds, ratably, or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the 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 Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Article IV, other than the Project Construction Account, shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds 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.

Subject to the Prior Resolutions, the Depository Bank 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 in the Prior

Resolutions or herein, or unless otherwise 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. Subject to the Prior Resolutions, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank 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 892 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 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 of West Virginia.

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

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds 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 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 holders of the 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 Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all

above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement

of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 5.06. Statutory Mortgage. 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 and shall be for the equal benefit of the Bonds and on a parity with such liens in favor of the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year

preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation,

public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

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 May 30, 1990, Case No. 89-628-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. Defeasance of Bond. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer 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. Prior Resolutions; Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed or heretofore changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

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

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections

hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State 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: June 28, 1990

Chairman of Public Service Board

Member

Member

06/27/90
GPSDWJ.A3
34959/88001

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1991

BOND RESOLUTION

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ARTICLE IV

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $600,000 WATER REVENUE BOND, SERIES 1991, OF GRANT COUNTY PUBLIC SERVICE DISTRICT, THE BOND BEING JUNIOR AND SUBORDINATE TO THE OUTSTANDING 1990 BOND, 1984 BOND, 1976 BOND, 1974 BOND AND 1973 BOND OF THE DISTRICT ALL ISSUED BY PREDECESSORS OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GRANT 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. Grant County Public Service District (in its own capacity and as the consolidated entity resulting from the consolidation of Dorcas and Grant County PSD, both hereinafter defined, into Grant County Public Service District, the "Issuer") is a public service district and political subdivision of the State of West Virginia in Grant County of said State, duly created pursuant to the Act by The County Commission of Grant County and consented to and approved by the Public Service Commission of West Virginia. The Issuer is the consolidated entity resulting from the consolidation of Dorcas Public Service District ("Dorcas") and the former Grant County Public Service District ("Grant County PSD"), both public service districts and political subdivisions of the State of West Virginia in Grant County, West Virginia, and both heretofore duly created pursuant to the Act by The County Commission of Grant County, into the Issuer.

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

A. The Issuer now has a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of 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 improvements and extensions to the existing waterworks facilities of the Issuer, consisting of water facilities in the Rough Run, Boot Hill and Franklin Pike areas of Grant County, including water main extensions, water tank and booster pump construction and installation, land and right-of-way acquisition, 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 Issuer will continue to purchase water from the City of Petersburg pursuant to water purchase contracts between Dorcas and Grant County and said City. 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 (hereinafter defined) 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 (hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project will not exceed $1,256,000, of which approximately $600,000 will be obtained from the proceeds of sale of the Bond herein authorized and approximately $656,000 will be obtained from a grant by the Purchaser (hereinafter defined).

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of $600,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary

property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bond or for the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank senior and prior to the Bond as to liens, pledge and source of and security for payment, as follows:

(i) Water Revenue Bond, Series 1990, dated September 25, 1990 (the "1990 Bond"), issued in the original principal amount of $209,000, by Grant County PSD, and held by the Purchaser;

(ii) Water Revenue Bond, Series 1984, dated August 14, 1984 (the "1984 Bond"), issued in the original principal amount of $400,000 by Grant County PSD, and held by the Purchaser;

(iii) Water Revenue Bond, Series 1976, dated November 13, 1978 (the "1976 Bond"), issued in the original principal amount of $350,000 by Grant County PSD, and held by the Purchaser;

(iv) Water Revenue Bond, Series 1974, dated January 7, 1975 (the "1974 Bond"), issued in the original principal amount of $90,000 by Dorcas, and held by or through General Electric Capital Corporation; and

(v) Water Revenue Bond, Series 1973, dated September 21, 1973 (the "1973 Bond"), issued in the original principal amount of $188,000 by Dorcas, and held by or through General Electric Capital Corporation.

The 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond are hereinafter collectively referred to as the

"Prior Bonds." Other than the Prior Bonds, there are no outstanding bonds or obligations which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated May 25, 1989, and all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1991, authorized hereby.

"1990 Bond" means the outstanding Water Revenue Bond, Series 1990, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1984 Bond" means the outstanding Water Revenue Bond, Series 1984, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1976 Bond" means the outstanding Water Revenue Bond, Series 1976, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1974 Bond" means the outstanding Water Revenue Bond, Series 1974, of the Issuer described in Section 1.02G hereof and originally issued by Dorcas.

"1973 Bond" means the outstanding Water Revenue Bond, Series 1973, of the Issuer described in Section 1.02G hereof and originally issued by Dorcas.

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

"Bonds" means, collectively, the Bond, the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means William Pallavicini, P.E., Petersburg, 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 Potomac Valley Bank, Petersburg, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Dorcas" shall have the meaning stated in Section 1.01.

"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 year beginning on July 1 and ending on the succeeding June 30.

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

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

"Grant County PSD" shall have the meaning stated in Section 1.01.

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means Grant County Public Service District, in Grant County, West Virginia, in its own capacity and as the consolidated entity resulting from the consolidation of Dorcas and Grant County PSD into the Issuer, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated May 25, 1989, and all amendments thereto.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Grant County Reserve Fund, the Depreciation Reserve, the Dorcas Sinking Fund, the Dorcas Reserve Account, the Dorcas Depreciation Reserve and the 1991 Reserve Fund have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the outstanding 1990 Bond, 1984 Bond, 1976 Bond, 1974 Bond and 1973 Bond of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the 1990 Resolution, the 1984 Resolution, the 1976 Resolution, the 1974 Resolution and the 1973 Resolution, all as hereinafter defined.

"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.

"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 State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means, collectively, the 1990 Resolution, the 1984 Resolution, the 1976 Resolution, the 1974 Resolution, the 1973 Resolution and the Bond Legislation.

"1990 Resolution" means the resolution of the governing body of Grant County PSD adopted June 28, 1990, authorizing the 1990 Bond.

"1984 Resolution" means the resolution of the governing body of Grant County PSD adopted June 21, 1984, authorizing the 1984 Bond.

"1976 Resolution" means the resolution of the governing body of Grant County PSD adopted August 5, 1977, authorizing the 1976 Bond.

"1974 Resolution" means the resolution of the governing body of Dorcas adopted February 28, 1974, authorizing the 1974 Bond.

"1973 Resolution" means the resolution of the governing body of Dorcas adopted June 4, 1973, authorizing the 1973 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.

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

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

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.

Section 1.05. Compliance with Requirements of Prior Bonds and Prior Resolutions. The issuance of the Bond junior and subordinate to the Prior Bonds is permitted under the terms of the Prior Bonds and the Prior Resolutions and the Issuer has complied with the terms of the Prior Bonds and the Prior Resolutions with respect to the issuance of the Bond or obtained a waiver thereof. The Issuer is not in default under the terms of the Prior Bonds, the Prior Resolutions or any document or agreement in connection therewith and has complied with all requirements of all the foregoing with respect to the issuance of the Bond.

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 $1,256,000, 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 of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1991," is hereby authorized to be issued in the aggregate principal amount of not exceeding $600,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Legislation.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the 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, Farmers Home Administration. So long as the Bond shall be registered in the name of the United States of America, Farmers Home Administration, the address of the United States of America, Farmers Home Administration, for registration purposes shall be Post Office Box 678, Morgantown, West Virginia 26505, or such other address as shall be stated in writing to the Issuer by the United States of America, Farmers Home Administration.

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 canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, but such liens and pledge are junior and subordinate to the liens and pledges of the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due as herein provided.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1991

GRANT COUNTY PUBLIC SERVICE DISTRICT

$600,000

No. R-1 Date: _____

FOR VALUE RECEIVED, GRANT COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (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 SIX HUNDRED THOUSAND DOLLARS ($600,000), plus interest on the unpaid principal balance at the rate of 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 $2,946, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due

under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond, 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 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

Borrower within the meaning of any constitutional or statutory provision or limitation.

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of Borrower authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is junior and subordinate, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, to the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond, all defined and described in the Resolution.

IN WITNESS WHEREOF, GRANT 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.

GRANT COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

_____
(P. O. Box No. or Street Address)

_____
(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)	$		(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 and Commission. The following special funds or accounts are hereby created and established with (or continued if previously established and/or continued by any one or more of the Prior Resolutions), 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 (which shall consist of the Revenue Fund established by the 1973 Resolution and continued by the 1974 Resolution and the Revenue Fund established by the 1976 Resolution and continued by the 1984 Resolution and the 1990 Resolution, which are hereby ordered to be and are combined);

(2) Depreciation Reserve (established by the 1976 Resolution and continued by the 1984 Resolution and the 1990 Resolution and herein called the "Depreciation Reserve");

(3) Project Construction Account;

(4) Reserve Fund (established by the 1976 Resolution and continued by the 1984 Resolution and the 1990 Resolution and herein called the "Grant County Reserve Fund"); and

(5) 1991 Reserve Fund.

The following special funds or accounts are hereby created and established with (or continued if previously established and/or continued by any one or more of the Prior Resolutions) the Commission:

(1) Sinking Fund (established by the 1973 Resolution and continued by the 1974 Resolution and herein called the "Dorcas Sinking Fund");

(a) Within the Dorcas Sinking Fund, the Reserve Account (established by the 1973 Resolution and continued by the 1974 Resolution and herein called the "Dorcas Reserve Account").

(2) Depreciation Reserve (established by the 1973 Resolution and continued by the 1974 Resolution and herein called the "Dorcas Depreciation Reserve").

The Governing Body by this Bond Legislation determines that Grant County Bank, Petersburg, West Virginia, depository bank and fiscal agent under the 1990 Resolution, the 1984 Resolution and the 1976 Resolution should no longer serve as such depository bank, unless reappointed in accordance with the terms hereof, and it is hereby acknowledged and agreed that the project construction account created and established by the 1990 Resolution with respect to the 1990 Bond shall be maintained with the bank or trust company and for the sole and only purposes provided in the 1990 Resolution.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Bonds shall be outstanding and

unpaid, or until there shall have been set apart in the 1991 Reserve Fund, the Grant County Reserve, the Dorcas Sinking Fund and the Dorcas Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment or redemption date, the entire principal of the respective Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of such payment or redemption, the Issuer further covenants with the holders of the 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 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 and in accordance with the terms of the Prior Resolutions and this Bond Legislation:

(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 on each installment of the 1990 Bond, the 1984 Bond and the 1976 Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1990 Bond, the 1984 Bond and the 1976 Bond, respectively, or otherwise, the amounts required to pay the interest on the 1990 Bond, the 1984 Bond and the 1976 Bond, and to amortize the principal of the 1990 Bond, the 1984 Bond and the 1976 Bond over the respective lives of each such issue, and shall, before the end of each month, transfer from the Revenue Fund and remit to the Commission, for deposit into the Dorcas Sinking Fund, one-twelfth of the amount required to pay the interest becoming due on the 1973 Bond and the 1974 Bond on the next interest payment date and one-twelfth of the amount of principal maturing on the next 1973 Bond and 1974 Bond principal maturity date.

The Issuer shall also remit to the Commission, from time to time, such amounts as shall be required to pay the fiscal charges due to paying agents for paying the 1973 Bond and the 1974 Bond and the interest thereon.

(iii) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the Depository Bank in the Grant County Reserve Fund, 1/12th of 1/10th of the maximum aggregate amount of principal and interest becoming due on the 1990 Bond, the 1984 Bond and the 1976 Bond in any year, until the amount in the Grant County Reserve Fund equals such maximum aggregate amount (the "Grant County Minimum Reserve"). After the Grant County Minimum Reserve has been accumulated in the Grant County Reserve Fund, the Issuer shall monthly deposit into the Grant County Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on and payment of maturing principal of and interest on the Prior Bonds, on a pro rata and parity basis, and for payment of Operating Expenses of the System, as shall be required to maintain the Grant County Minimum Reserve in the Grant County Reserve Fund, on a pro rata and parity basis as to the Prior Bonds. Moneys in the Grant County Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the 1990 Bond, the 1984 Bond and the 1976 Bond to said National Finance Office as the same shall become due or for prepayment of installments on the 1990 Bond, the 1984 Bond and the 1976 Bond, or for mandatory prepayment of the 1990 Bond, the 1984 Bond and the 1976 Bond, as in the 1990 Resolution, the 1984 Resolution and the 1976 Resolution provided, all on a pro rata and parity basis with the 1974 Bond and the 1973 Bond, and for no other purpose; provided, however, that when the Grant County Minimum Reserve has been accumulated in the Grant County 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 ratable prepayment of principal of the 1990 Bond, the 1984 Bond and the 1976 Bond,

on a parity and pro rata basis with the 1974 Bond and the 1973 Bond.

The District shall, on each date that payment is made as set forth in the preceding provisions of this Section 4.03B (iii), transfer from the Revenue Fund and remit to the Commission, for deposit into the Dorcas Reserve Account, 1/12th of 1/10th of the maximum annual aggregate amount of interest and principal which will fall due on the 1973 Bond and the 1974 Bond outstanding until the amount in the Dorcas Reserve Account equals such maximum annual aggregate amount of interest and principal. After such amount has been accumulated in the Dorcas Reserve Account, the Issuer shall monthly remit to the Commission such part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on and payment of monthly installments on the Prior Bonds, on a pro rata and parity basis, as shall be required to maintain such amount in the Dorcas Reserve Account, on a pro rata and parity basis as to the Prior Bonds. Moneys in the Dorcas Reserve Account shall be used solely to make up any deficiency in the Dorcas Sinking Fund for payment of the principal of and interest on the 1973 Bond and the 1974 Bond as the same shall mature or for mandatory purchase or redemption of the 1973 Bond and the 1974 Bond (together with moneys in the Dorcas Sinking Fund) as in the 1973 Resolution and the 1974 Resolution provided, all on a pro rata and parity basis with the 1990 Bond, the 1984 Bond and the 1976 Bond, and for no other purpose.

(iv) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall next, on or before the due date of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond (or such other place as may be subsequently designated pursuant to the Bond), the amounts required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue, and, thereafter, the Issuer

shall transfer from the Revenue Fund and deposit in the 1991 Reserve Fund, 1/12th of 1/10th of the amount equal to the maximum amount of principal and interest becoming due on the Bond in any year, until the amount in the 1991 Reserve Fund equals such maximum amount (the "1991 Minimum Reserve"). After the 1991 Minimum Reserve has been accumulated in the 1991 Reserve Fund, the Issuer shall monthly deposit into the 1991 Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the 1991 Minimum Reserve in the 1991 Reserve Fund. Moneys in the 1991 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 1991 Minimum Reserve has been accumulated in the 1991 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.

(v) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, one-half of 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 $222,300, 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 in the Dorcas Sinking Fund with respect to current payments of principal and interest on the 1974 Bond and the 1973 Bond as the same mature and to make up any deficiencies for monthly payments of principal of and interest on the 1990 Bond, the 1984 Bond and the 1976 Bond as the same become due, on a pro rata and parity basis, and next to restore to the Grant County Reserve Fund and the Dorcas Reserve Account any sum or sums

transferred therefrom, on a pro rata and parity basis, and, thereafter, to meet the principal, interest and reserve payments upon the Bond, on a subordinate basis, to the extent that moneys in the 1991 Reserve Fund are insufficient therefor. Thereafter, and provided that payments into the Dorcas Sinking Fund, the Dorcas Reserve Account, the Grant County Reserve Fund and the 1991 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.

The Issuer shall, on each date that payment is made as set forth in the preceding provisions of this Section 4.03B(v), transfer from the Revenue Fund and remit to the Commission the balance of the moneys remaining in the Revenue Fund and not permitted to be retained therein, for deposit in the Dorcas Depreciation Reserve, until there has been accumulated therein the sum of $12,000 and thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Dorcas Depreciation Reserve shall be used, first, to make up any deficiencies in the Dorcas Sinking Fund with respect to current payments of principal and interest on the 1974 Bond and the 1973 Bond as the same mature and to make up any deficiencies for monthly payments of principal of and interest on the 1990 Bond, the 1984 Bond and the 1976 Bond as the same become due, on a pro rata and parity basis, and next to restore to the Dorcas Reserve Account and the Grant County Reserve Fund any sum or sums transferred therefrom, on a pro rata and parity basis, and, thereafter, to meet principal, interest and reserve payments upon the Bond, on a subordinate basis, to the extent that moneys in the 1991 Reserve Fund are insufficient therefor. Thereafter, and provided that payments into the Dorcas Sinking Fund, the Dorcas Reserve Account, the Grant County Reserve Fund and the 1991 Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Dorcas Depreciation Reserve may be withdrawn by the

Issuer and used for extensions, replacements and improvements of the System, or any part thereof.

(vi) 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 or redeem Prior Bonds outstanding, pro rata as to each series, and, thereafter, to prepay installments on the Bond, or for any lawful purpose of the System.

Whenever the moneys in the 1991 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 and by the 1990 Resolution, the 1984 Resolution and the 1976 Resolution designated as the Fiscal Agent for the administration of the Grant County Reserve Fund, the 1991 Reserve Fund and the Depreciation Reserve as herein and therein provided, and all amounts required for the Grant County Reserve Fund, the 1991 Reserve Fund and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein and in the 1990 Resolution, the 1984 Resolution and the 1976 Resolution, together with written advice stating the amount remitted for deposit into each such fund.

The Commission is hereby and by the 1974 Resolution and the 1973 Resolution designated as the Fiscal Agent for the administration of the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve as herein and therein provided, and all amounts required for the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve will be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein and in the 1974 Resolution and the 1973 Resolution, together with written advice stating the amount remitted for deposit into said fund, account and reserve.

All the funds provided for in this Article IV other than the Project Construction Account and any project construction account created and established by the

1990 Resolution with respect to the 1990 Bond shall constitute trust funds and shall be used only for the purposes and in the order provided herein and in the Prior Resolutions, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, which lien shall be junior and subordinate to the liens of the holders of the Prior Bonds, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers and to place the required amount in any of the funds or accounts as hereinabove and in the Prior Resolutions 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.

Subject to the Prior Resolutions, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Grant County Reserve Fund, the 1991 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 in the Prior Resolutions or herein, or unless otherwise 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. Subject to the Prior Resolutions, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Grant County Reserve Fund and the 1991 Reserve Fund, so long as the respective Grant County Minimum Reserve and 1991 Minimum Reserve are on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

The Commission shall keep the moneys in the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas

Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

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 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 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 and shall give such other notice as required under, and in the manner provided in, the Prior Resolutions.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 514 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 FDIC in any of such funds or accounts with the Depository Bank 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 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.

I. PRO RATA PAYMENTS. No payments required to be made on behalf of the 1974 Bond and the 1973 Bond into the Dorcas Sinking Fund and the Dorcas Reserve Account, or on behalf of the 1990 Bond, the 1984 Bond and the 1976 Bond

with respect to payment of principal or interest thereon and into the Grant County Reserve Fund, shall have any preference or priority over the other. All payments required to be made on behalf of the 1974 Bond and the 1973 Bond into the Dorcas Sinking Fund and the Dorcas Reserve Account, and on behalf of the 1990 Bond, the 1984 Bond and the 1976 Bond with respect to payment of principal or interest thereon and into the Grant County Reserve Fund, shall be made pro rata in accordance with the then outstanding principal amounts thereof, in the event that moneys are not available to make all such payments in full.

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 1991 Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 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 the payment and deposits on account of the Prior Bonds, plus Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the 1991 Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any or all of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all

above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement

of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) 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.

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

Section 5.06. Statutory Mortgage. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond, but junior and subordinate to the lien in favor of the holders of the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such

Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

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 orders of the Public Service Commission of West Virginia, entered on May 30, 1990, Case No. 89-628-PWD-CN, August 30, 1990, and September 19, 1990, Case No. 90-475-PWD-30B, May 31, 1990, and July 16, 1990, Case No. 89-520-PWD-CN and December 11,.1990, Case No. 90-640-PWD-30B, which orders are 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 dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer 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 other 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) or the Prior Resolutions; provided, further, that, notwithstanding the foregoing, the Prior Resolutions shall be, and hereby are, modified and amended to the extent of any express inconsistencies with the provisions of this Bond Legislation but the Prior Resolutions shall otherwise remain in full force and effect.

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 Time. This Resolution shall take effect immediately upon its adoption.

Adopted: January 3, 1991

Dwight Calhoun
Chairman of Public Service Board

Member

Member

01/02/91
GRPSDB.A4
34965\87001

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1993

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $130,000 WATER REVENUE BOND, SERIES 1993, OF GRANT COUNTY PUBLIC SERVICE DISTRICT, THE BOND BEING JUNIOR AND SUBORDINATE TO THE OUTSTANDING 1990 BOND, 1984 BOND, 1976 BOND, 1974 BOND AND 1973 BOND OF THE DISTRICT ALL ISSUED BY PREDECESSORS OF THE DISTRICT, AND ON A PARITY WITH THE OUTSTANDING 1991 BOND OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GRANT 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. Grant County Public Service District (in its own capacity and as the consolidated entity resulting from the consolidation of Dorcas and Grant County PSD, both hereinafter defined, into Grant County Public Service District, the "Issuer") is a public service district and political subdivision of the State of West Virginia in Grant County of said State, duly created pursuant to the Act by The County Commission of Grant County and consented to and approved by the Public Service Commission of West Virginia. The Issuer is the consolidated entity resulting from the consolidation of Dorcas Public Service District ("Dorcas") and the former Grant County Public Service District ("Grant County PSD"), both public service districts and political subdivisions of the State of West Virginia in Grant County, West Virginia, and both heretofore duly created pursuant to the Act by The County Commission of Grant County, into the Issuer.

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

A. The Issuer now has a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer and 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 improvements and extensions to the existing waterworks facilities of the Issuer, consisting of the installation and upgrading of new water lines, pumps and storage tanks to serve existing customers in and around Vandevander Acres subdivision and Meadow Ridge subdivision in Milroy District, near Petersburg, Grant County, West Virginia, 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 Issuer will continue to purchase water from the City of Petersburg pursuant to water purchase contracts between Dorcas and Grant County PSD and said City. 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 (as hereinafter defined) after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project will not exceed $480,000, of which approximately $130,000 will be obtained from the proceeds of sale of the Bond herein authorized and $350,000 will be obtained from a grant by the Purchaser (as hereinafter defined).

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of $130,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and

construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank senior and prior to the Bond as to liens, pledge and source of and security for payment, as follows:

(i) Water Revenue Bond, Series 1990, dated September 25, 1990 (the "1990 Bond"), issued in the original principal amount of $209,000 by Grant County PSD, and held by the Purchaser;

(ii) Water Revenue Bond, Series 1984, dated August 14, 1984 (the "1984 Bond"), issued in the original principal amount of $400,000 by Grant County PSD, and held by the Purchaser;

(iii) Water Revenue Bond, Series 1976, dated November 13, 1978 (the "1976 Bond"), issued in the original principal amount of $350,000 by Grant County PSD, and held by the Purchaser;

(iv) Water Revenue Bond, Series 1974, dated January 7, 1975 (the "1974 Bond"), issued in the original principal amount of $90,000 by Dorcas, and held by or through General Electric Capital Corporation; and

(v) Water Revenue Bond, Series 1973, dated September 21, 1973 (the "1973 Bond"), issued in the original principal amount of $188,000 by Dorcas, and held by or through General Electric Capital Corporation.

There is outstanding an obligation of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1991, dated August 6, 1991 (the "1991 Bond"), issued in the original principal amount of $600,000 by the Issuer, and held by the Purchaser.

The 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond are hereinafter collectively referred to as the "Prior Bonds." Other than the Prior Bonds and the 1991 Bond, there are no outstanding bonds or obligations which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated August 21, 1992, and all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1993, authorized hereby.

"1991 Bond" means the outstanding Water Revenue Bond, Series 1991, of the Issuer described in Section 1.02G hereof and originally issued by the Issuer.

"1990 Bond" means the outstanding Water Revenue Bond, Series 1990, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1984 Bond" means the outstanding Water Revenue Bond, Series 1984, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1976 Bond" means the outstanding Water Revenue Bond, Series 1976, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1974 Bond" means the outstanding Water Revenue Bond, Series 1974, of the Issuer described in Section 1.02G hereof and originally issued by Dorcas.

"1973 Bond" means the outstanding Water Revenue Bond, Series 1973, of the Issuer described in Section 1.02G hereof and originally issued by Dorcas.

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

"Bonds" means, collectively, the Bond, the 1991 Bond, the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means William Pallavicini, P.E., Petersburg, 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 Potomac Valley Bank, Petersburg, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Dorcas" shall have the meaning stated in Section 1.01.

"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 year beginning on July 1 and ending on the succeeding June 30.

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

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

"Grant County PSD" shall have the meaning stated in Section 1.01.

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means Grant County Public Service District, in Grant County, West Virginia, in its own capacity and as the consolidated entity resulting from the consolidation of Dorcas and Grant County PSD into the Issuer, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated August 21, 1992, and all amendments thereto.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System,

the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Grant County Reserve Fund, the Depreciation Reserve, the Dorcas Sinking Fund, the Dorcas Reserve Account, the Dorcas Depreciation Reserve and the 1991 Reserve Fund have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the outstanding 1990 Bond, 1984 Bond, 1976 Bond, 1974 Bond and 1973 Bond of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the 1991 Resolution, the 1990 Resolution, the 1984 Resolution, the 1976 Resolution, the 1974 Resolution and the 1973 Resolution, all as hereinafter defined.

"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.

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government

National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

such collateral, and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means, collectively, the 1991 Resolution, the 1990 Resolution, the 1984 Resolution, the 1976 Resolution, the 1974 Resolution, the 1973 Resolution and the Bond Legislation.

"1991 Resolution" means the resolution of the governing body of the Issuer adopted January 3, 1991, authorizing the 1991 Bond.

"1990 Resolution" means the resolution of the governing body of Grant County PSD adopted June 28, 1990, authorizing the 1990 Bond.

"1984 Resolution" means the resolution of the governing body of Grant County PSD adopted June 21, 1984, authorizing the 1984 Bond.

"1976 Resolution" means the resolution of the governing body of Grant County PSD adopted August 5, 1977, authorizing the 1976 Bond.

"1974 Resolution" means the resolution of the governing body of Dorcas adopted February 28, 1974, authorizing the 1974 Bond.

"1973 Resolution" means the resolution of the governing body of Dorcas adopted June 4, 1973, authorizing the 1973 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.

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

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

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.

Section 1.05. Compliance with Requirements of Prior Bonds and Prior Resolutions. The issuance of the Bond junior and subordinate to the Prior Bonds is permitted under the terms of the Prior Bonds and the Prior Resolutions and the Issuer has complied with the terms of the Prior Bonds and the Prior Resolutions with respect to the issuance of the Bond or obtained a waiver thereof. The Issuer is not in default under the terms of the Prior Bonds, the Prior Resolutions or any document or agreement in connection therewith and has complied with all requirements of all the foregoing with respect to the issuance of the Bond.

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 $480,000, 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 of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1993," is hereby authorized to be issued in the aggregate principal amount of not exceeding $130,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the 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 canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, on a parity with the 1991 Bond, but such liens and pledge are junior and subordinate to the liens and pledges of the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due as herein provided.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

GRANT COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1993

$130,000

No. R-1 Date: _____

FOR VALUE RECEIVED, GRANT 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 ONE HUNDRED THIRTY THOUSAND DOLLARS ($130,000), plus interest on the unpaid principal balance at the rate of 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 $639, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due

under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond, 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 Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, with the 1991 Bond, defined and described in the Resolution.

This Bond is junior and subordinate, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, to the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond, all defined and described in the Resolution.

IN WITNESS WHEREOF, GRANT 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.

GRANT COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

_____
(P. O. Box No. or Street Address)

_____
(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)	$		(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 and Commission. The following special funds or accounts are hereby created and established with (or continued if previously established and/or continued by any one or more of the Prior Resolutions), 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 (which shall consist of the Revenue Fund established by the 1973 Resolution and continued by the 1974 Resolution and the Revenue Fund established by the 1976 Resolution and continued by the 1984 Resolution and the 1990 Resolution, which were combined by the 1991 Resolution);

(2) Depreciation Reserve (established by the 1976 Resolution and continued by the 1984 Resolution, the 1990 Resolution and the 1991 Resolution and herein called the "Depreciation Reserve");

(3) Reserve Fund (established by the 1976 Resolution and continued by the 1984 Resolution, the 1990 Resolution and the 1991 Resolution and herein called the "Grant County Reserve Fund");

(4) 1991 Reserve Fund (established by the 1991 Resolution); and

(5) Project Construction Account.

The following special funds or accounts are hereby created and established with (or continued if previously established and/or continued by any one or more of the Prior Resolutions) the Commission:

(1) Sinking Fund (established by the 1973 Resolution and continued by the 1974 Resolution and herein called the "Dorcas Sinking Fund");

(a) Within the Dorcas Sinking Fund, the Reserve Account (established by the 1973 Resolution and continued by the

1974 Resolution and herein called the "Dorcas Reserve Account").

(2) Depreciation Reserve (established by the 1973 Resolution and continued by the 1974 Resolution and herein called the "Dorcas Depreciation Reserve").

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, moneys 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 any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the 1991 Reserve Fund, the Grant County Reserve Fund, the Dorcas Sinking Fund and the Dorcas Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the respective Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of such prepayment, the Issuer further covenants with the holders of the 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 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 and in accordance with the terms of the Prior Resolutions and this Bond Legislation:

(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 of the 1990 Bond, the 1984 Bond and the 1976 Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1990 Bond, the 1984 Bond and the 1976 Bond, respectively, or otherwise, the amounts required to pay the interest on the 1990 Bond, the 1984 Bond and the 1976 Bond, and to amortize the principal of the 1990 Bond, the 1984 Bond and the 1976 Bond over the respective lives of each such issue, and shall, before the end of each month, transfer from the Revenue Fund and remit to the Commission, for deposit into the Dorcas Sinking Fund, one-twelfth of the amount required to pay the interest becoming due on the 1973 Bond and the 1974 Bond on the next interest payment date and one-twelfth of the amount of principal maturing on the next 1973 Bond and 1974 Bond principal maturity date.

The Issuer shall also remit to the Commission, from time to time, such amounts as shall be required to pay the fiscal charges due to paying agents for paying the 1973 Bond and the 1974 Bond and the interest thereon.

(iii) The Issuer shall next, by the fifteenth day of each month, transfer from the

Revenue Fund and deposit with the Depository Bank in the Grant County Reserve Fund, 1/12th of 1/10th of the maximum aggregate amount of principal and interest becoming due on the 1990 Bond, the 1984 Bond and the 1976 Bond in any year, until the amount in the Grant County Reserve Fund equals such maximum aggregate amount (the "Grant County Minimum Reserve"). After the Grant County Minimum Reserve has been accumulated in the Grant County Reserve Fund, the Issuer shall monthly deposit into the Grant County Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on and payment of maturing principal of and interest on the Prior Bonds, on a pro rata and parity basis, and for payment of Operating Expenses of the System, as shall be required to maintain the Grant County Minimum Reserve in the Grant County Reserve Fund, on a pro rata and parity basis as to the Prior Bonds. Moneys in the Grant County Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the 1990 Bond, the 1984 Bond and the 1976 Bond to said National Finance Office as the same shall become due or for prepayment of installments on the 1990 Bond, the 1984 Bond and the 1976 Bond, or for mandatory prepayment of the 1990 Bond, the 1984 Bond and the 1976 Bond, as in the 1990 Resolution, the 1984 Resolution and the 1976 Resolution provided, all on a pro rata and parity basis with the 1974 Bond and the 1973 Bond, and for no other purpose; provided, however, that when the Grant County Minimum Reserve has been accumulated in the Grant County 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 ratable prepayment of principal of the 1990 Bond, the 1984 Bond and the 1976 Bond, on a parity and pro rata basis with the 1974 Bond and the 1973 Bond.

The District shall, on each date that payment is made as set forth in the preceding provisions of this Section 4.03B (iii), transfer from the Revenue Fund and remit to the Commission, for deposit into the Dorcas Reserve

Account, 1/12th of 1/10th of the maximum annual aggregate amount of interest and principal which will fall due on the 1973 Bond and the 1974 Bond outstanding until the amount in the Dorcas Reserve Account equals such maximum annual aggregate amount of interest and principal. After such amount has been accumulated in the Dorcas Reserve Account, the Issuer shall monthly remit to the Commission such part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on and payment of monthly installments on the Prior Bonds, on a pro rata and parity basis, as shall be required to maintain such amount in the Dorcas Reserve Account, on a pro rata and parity basis as to the Prior Bonds. Moneys in the Dorcas Reserve Account shall be used solely to make up any deficiency in the Dorcas Sinking Fund for payment of the principal of and interest on the 1973 Bond and the 1974 Bond as the same shall mature or for mandatory purchase or redemption of the 1973 Bond and the 1974 Bond (together with moneys in the Dorcas Sinking Fund) as in the 1973 Resolution and the 1974 Resolution provided, all on a pro rata and parity basis with the 1990 Bond, the 1984 Bond and the 1976 Bond, and for no other purpose.

(iv) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall next, on or before the due date of each installment on the 1991 Bond and the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1991 Bond and the Bond (or such other place as may be subsequently designated pursuant to the 1991 Bond and the Bond), the amounts required to pay the interest on the 1991 Bond and the Bond, and to amortize the principal of the 1991 Bond and the Bond over the respective lives of each such issue; provided that, all payments with respect to principal of and interest on the 1991 Bond and the Bond 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, and, thereafter, the Issuer shall transfer

from the Revenue Fund and deposit in the 1991 Reserve Fund, 1/12th of 1/10th of the amount equal to the maximum amount of principal and interest becoming due on the 1991 Bond and the Bond in any year, until the amount in the 1991 Reserve Fund equals such maximum amount (the "1991 Minimum Reserve"). After the 1991 Minimum Reserve has been accumulated in the 1991 Reserve Fund, the Issuer shall monthly deposit into the 1991 Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the 1991 Minimum Reserve in the 1991 Reserve Fund. Moneys in the 1991 Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the 1991 Bond and the Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the 1991 Bond and the Bond, or for mandatory prepayment of the 1991 Bond and the Bond as provided in the 1991 Resolution and this Resolution, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; provided, however, that when the 1991 Minimum Reserve has been accumulated in the 1991 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 1991 Bond and the Bond on a pro rata and parity basis.

(v) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, one-half of 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 $246,300, 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 in the Dorcas Sinking Fund with respect to current payments of principal and interest on the 1974 Bond and the 1973 Bond as the same mature

and to make up any deficiencies for monthly payments of principal of and interest on the 1990 Bond, the 1984 Bond and the 1976 Bond as the same become due, on a pro rata and parity basis, and next to restore to the Grant County Reserve Fund and the Dorcas Reserve Account any sum or sums transferred therefrom, on a pro rata and parity basis, and thereafter, to meet the principal, interest and reserve payments upon the 1991 Bond and the Bond, on a subordinate basis, to the extent that moneys in the 1991 Reserve Fund are insufficient therefor. Thereafter, and provided that payments into the Dorcas Sinking Fund, the Dorcas Reserve Account, the Grant County Reserve Fund and the 1991 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.

The Issuer shall, on each date that payment is made as set forth in the preceding provisions of this Section 4.03B(v), transfer from the Revenue Fund and remit to the Commission the balance of the moneys remaining in the Revenue Fund and not permitted to be retained therein, for deposit in the Dorcas Depreciation Reserve, until there has been accumulated therein the sum of $12,000 and thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Dorcas Depreciation Reserve shall be used, first, to make up any deficiencies in the Dorcas Sinking Fund with respect to current payments of principal and interest on the 1974 Bond and the 1973 Bond as the same mature and to make up any deficiencies for monthly payments of principal of and interest on the 1990 Bond, the 1984 Bond and the 1976 Bond as the same become due, on a pro rata and parity basis, and next to restore to the Dorcas Reserve Account and the Grant County Reserve Fund any sum or sums transferred therefrom, on a pro rata and parity basis, and, thereafter, to meet principal, interest and reserve payments upon the 1991 Bond and the Bond, on a subordinate basis, to the extent that moneys in the 1991 Reserve Fund are insufficient

therefor. Thereafter, and provided that payments into the Dorcas Sinking Fund, the Dorcas Reserve Account, the Grant County Reserve Fund and the 1991 Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Dorcas Depreciation Reserve may be withdrawn by the Issuer and used for extensions, replacements and improvements of the System, or any part thereof.

(vi) 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 or redeem Prior Bonds outstanding, pro rata as to each series, and, thereafter, to prepay installments on the 1991 Bond and the Bond, pro rata as to each series, or for any lawful purpose of the System.

Whenever the moneys in the 1991 Reserve Fund shall be sufficient to prepay the 1991 Bond and the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the 1991 Bond and the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby and by the 1991 Resolution, the 1990 Resolution, the 1984 Resolution and the 1976 Resolution designated as the Fiscal Agent for the administration of the Grant County Reserve Fund, the 1991 Reserve Fund and the Depreciation Reserve as herein and therein provided, and all amounts required for the Grant County Reserve Fund, the 1991 Reserve Fund and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein and in the 1991 Resolution, the 1990 Resolution, the 1984 Resolution and the 1976 Resolution, together with written advice stating the amount remitted for deposit into each such fund.

The Commission is hereby and by the 1974 Resolution and the 1973 Resolution designated as the Fiscal Agent for the administration of the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve as herein and therein provided, and all amounts required for the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve will be remitted to the

Commission from the Revenue Fund by the Issuer at the times provided herein and in the 1974 Resolution and the 1973 Resolution, together with written advice stating the amount remitted for deposit into said fund, account and reserve.

All the funds provided for in this Article IV, other than the Project Construction Account, shall constitute trust funds and shall be used only for the purposes and in the order provided herein and in the Prior Resolution, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, which lien shall be junior and subordinate to the liens of the holders of the Prior Bonds 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 in any of the funds and accounts as hereinabove and in the Prior Resolutions 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.

Subject to the Prior Resolutions, the Depository Bank shall keep the moneys in the Grant County Reserve Fund, the 1991 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 in the Prior Resolutions or herein, or unless otherwise 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. Subject to the Prior Resolutions, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Grant County Reserve Fund and the 1991 Reserve Fund, so long as the respective Grant County Minimum Reserve and the 1991 Minimum Reserve are on deposit and maintained therein,

shall be paid annually in January into the Revenue Fund by the Depository Bank.

The Commission shall keep the moneys in the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

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 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 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 and shall give such other notice as required under and in the manner provided in, the Prior Resolutions.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 1,577 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 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 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.

I. PRO RATA PAYMENTS. No payments required to be made on behalf of the 1974 Bond and the 1973 Bond into the Dorcas Sinking Fund and the Dorcas Reserve Account, or on behalf of the 1990 Bond, the 1984 Bond and the 1976 Bond with respect to payment of principal or interest thereon and into the Grant County Reserve Fund, shall have any preference or priority over the other. All payments required to be made on behalf of the 1974 Bond and the 1973 Bond into the Dorcas Sinking Fund and the Dorcas Reserve Account, and on behalf of the 1990 Bond, the 1984 Bond and the 1976 Bond with respect to payment of principal or interest thereon and into the Grant County Reserve Fund, shall be made pro rata in accordance with the then outstanding principal amounts thereof, in the event that moneys are not available to make all such payments in full.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the 1991 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 holders of the 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 the payment and deposits on account of the Prior Bonds, plus Net Revenues equal to not less than 110% of the annual debt service on the 1991 Bond and the Bond and sufficient to make the payments required herein into the 1991 Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon

any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County

Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the Issuer is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond, but junior and subordinate to the lien in favor of the Holders of the Prior Bonds and on a parity with the lien in favor of the Holder of the 1991 Bond.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a

Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System

within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

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 orders of the Public Service Commission of West Virginia, entered on May 30, 1990, Case No. 89-628-PWD-CN, August 30, 1990, and September 19, 1990, Case No. 90-475-PWD-30B, May 31, 1990, and July 16, 1990, Case No. 89-520-PWD-CN and December 11, 1990, Case No. 90-640-PWD-30B, which orders are incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer 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 other 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) or the Prior Resolutions; provided, further, that, notwithstanding the foregoing, the Prior Resolutions shall be, and hereby are, modified and amended to the extent of any express inconsistencies with the provisions of this Bond Legislation but the Prior Resolutions shall otherwise remain in full force and effect.

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 Time. This Resolution shall take effect immediately upon its adoption.

Adopted: December 6, 1993

Dwight Calhoun
Chairman of Public Service Board

Juanita Lloyd
Member

Patricia H. Kitzmiller
Member

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GRANT COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1999

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1999

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT

BOND AND LINE OF CREDIT RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS FACILITY OF THE GRANT COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF $1,850,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 AND THE SALE THEREOF TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Additional Bonds" means additional bonds issued under the provisions and within the limitations prescribed by Section 7.06.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the

present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

"Bondholders," "Holder of the Bonds," "Holder," "Registered Owner," "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 Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means the $1,850,000 in aggregate principal amount of Water Revenue Bonds, Series 1999 and any Additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

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

"Closing Date" means the date upon which there is an exchange of the Bonds for all or a significant portion of the proceeds representing the purchase of the Bonds by the Government.

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

"Consulting Engineers" means William Pallavicini, Petersburg, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of waterworks systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Construction Trust Fund" means the Construction Trust Fund established by Section 6.02.

"Costs" or "Costs of the Project" means those costs described in Section 1.03F hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means a bank or national banking association located in the State, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, which Depository Bank shall be named in the Supplemental Resolution.

"Depreciation Reserve" means the Depreciation Reserve Account established by the 1976 Resolution and continued by the 1984 Resolution, the 1990 Resolution, the 1991 Resolution and the 1993 Resolution and continued by Section 5.01(5) hereof.

"Event of Default" means any event or occurrence specified in Section 8.01.

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

"First Lien Bonds" shall mean the Series 1990 Bonds, the Series 1984 Bonds, the Series 1976 Bonds, the Series 1974 Bonds and the Series 1973 Bonds.

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

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

"Government" means the United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Bonds.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Grants" means collectively, the SCBG Grant and the RUS Grant.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereafter 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 purchased pursuant to Section 9.01) or any Tap Fees.

"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" or "District" means the Grant County Public Service District, a public corporation and political subdivision of the State.

"Letter of Conditions" means the letter of conditions of the Government dated December 11, 1997, and any supplements or amendments thereto.

"Net Revenues" means Gross Revenues less Operating Expenses.

"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, fiscal agents, depository banks, registrars, paying agents and trustees 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, of any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from and 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 moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Section 10.06 hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means collectively, the Series 1993 Bond, the Series 1991 Bond, the Series 1990 Bond, the Series 1984 Bond, the Series 1976 Bond, the Series 1974 Bond and the Series 1973 Bond.

"Prior Resolutions" means collectively, the 1993 Resolution, the 1991 Resolution, the 1990 Resolution, the 1984 Resolution, the 1976 Resolution, the 1974 Resolution and the 1973 Resolution.

"Project" means the extension of water service to the areas of the District and the necessary related appurtenances as more particularly defined in Exhibit A hereto.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means the recommended decision of the PSC in Case No. 98-0491-PWD-CN, which was entered by the Administrative Law Judge of the PSC on October 23, 1998, and became the final order on November 12, 1998, granting the Issuer a Certificate of Convenience and Necessity to construct the Project and approving the financing thereof.

"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 any said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(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 any said repurchase agreement either must mature as nearly as practicable coincident with the maturity of said repurchase agreement or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreement, 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 Code of West Virginia Code, 1931, as amended;

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

(j) Advanced - Refunded Municipal Bonds.

"Resolution" means this resolution, as from time to time amended or supplemented.

"Revenue Fund" means the Revenue Fund established or continued by Section 5.01(A).

"RUS Grant" means the Rural Utilities Service Grant in the amount of $500,000.

"SCBG" Grant means the Small Cities Block Grant in the amount of $1,000,000.

"Second Lien Bonds" shall mean the Series 1993 Bonds and the Series 1991 Bonds.

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

"Series 1999 Reserve Account" means the reserve account established by Section 5.01(A)(4) for the Bonds.

"Series 1999 Reserve Requirement" means the maximum amount of principal and interest which will mature and become due on the Bonds in any succeeding Fiscal Year.

"Series 1999 Sinking Fund" means the Sinking Fund established by Section 5.01(A)(2).

"Series 1993 Bond" means the District's $130,000 Water Revenue Bond, Series 1993, issued on December 6, 1993, by resolution adopted on December 6, 1993.

"Series 1991 Bond" means the District's $600,000 Water Revenue Bond, Series 1991, issued on August 6, 1991, by resolution adopted on January 3, 1991.

"Series 1990 Bond" means the District's $$209,000 Water Revenue Bond, Series 1990, issued on September 25, 1990, by resolution adopted on June 28, 1990.

"Series 1984 Bond" means the District's $400,000 Water Revenue Bond, Series 1984, issued on August 14, 1984, by resolution adopted on June 21, 1984.

"Series 1976 Bond" means the District's $350,000 Water Revenue Bond, Series 1976, issued on November 13, 1977, by resolution adopted on August 5, 1977.

"Series 1974 Bond" means the Dorcas Public Service District's $90,000 Water Revenue Bonds, Series 1974, issued on January 7, 1975 pursuant to a resolution adopted on February 25, 1974 by the public service board of the Dorcas Public Service District. The District assumed the responsibility to repay the Series 1974 Bond when the District was consolidated with Dorcas Public Service District effective December 5, 1990.

"Series 1973 Bond" means the Dorcas Public Service District's $180,000 Water Revenue Bonds, Series 1973, issued on September 21, 1973 pursuant to a resolution adopted on June 4, 1973 by the public service board of the Dorcas Public Service District. The District assumed the responsibility to repay the Series 1973 Bond when the District was consolidated with Dorcas Public Service District effective December 5, 1990.

"State" means the State of West Virginia.

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

"System" means the public service properties to be used for or in connection with the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for industrial, public, private or other uses, owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

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

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

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

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

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

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer (being a consolidated entity resulting from the consolidation of the Dorcas Public Service District and the Grant County Public Service District) now owns and operates a public waterworks system, furnishing water service to residences, premises and businesses residing or located within and without the area of the Issuer. There are, however, residents of the Issuer who are not currently served by the water system.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions and improvements to the existing System, the acquisition and construction to be permanently financed, in part, by the issuance of the Bonds to the Government all in accordance with the plans and specifications prepared by the Consulting Engineers. The acquisition and construction of the System was financed in part with the proceeds from the Prior Bonds, authorized pursuant to the Prior Resolutions.

C. The Issuer derives revenues from the System and, except for the pledge thereof to secure and pay for the Prior Bonds, said revenues are not pledged or encumbered in any manner. There are outstanding obligations of the Issuer which will rank on a parity with the Bonds (the "First Lien Bonds") or junior and subordinate to the Bonds (the "Second Lien Bonds") as to liens, pledge and source of and security for payment, as follows:

ISSUE	LIEN POSITION
Series 1993 Bond, held by the Government;	Second Lien
Series 1991 Bond, held by the Government;	Second Lien
Series 1990 Bond, held by the Government;	First Lien
Series 1984 Bond, held by the Government;	First Lien
Series 1976 Bond, held by the Government;	First Lien
Series 1974 Bond, held by or through GMAC Commercial Mortgage Corporation; and	First Lien
Series 1973 Bond, held by or through GMAC Commercial Mortgage Corporation; and	First Lien

The Issuer has met the parity tests set forth in the Prior Resolutions or has secured or will secure a waiver of the parity consent requirements of the Prior Resolutions. Prior to the issuance of the Bonds, the Issuer will obtain the consent of the Prior Bond owners to the issuance of the Bonds on a parity with the lien of the First Lien Bonds as may be required by the Prior Resolutions. Upon the issuance of the Bonds, the Issuer will grant the Government a first lien on the Net Revenues of the System on a parity as to liens, pledge and source of and security for payment with the lien of the First Lien Bonds.

D. The estimated maximum cost of the construction of the Project is $3,350,000. The Project will be financed with the proceeds of the sale of the Bonds anticipated to be in the amount of $1,850,000, the RUS Grant proceeds in the amount of $500,000 and the SCBG Grant in the amount of $1,000,000.

E. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Bonds authorized to be issued pursuant to this Resolution, and all sinking funds, reserve and other payments provided for in this Resolution and the Prior Resolutions.

F. It is deemed necessary for the Issuer to issue its Bonds to permanently finance all or 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 therefor; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and such replacements as are necessary therefor; the cost of interim financing for such Project; interest on the Bonds, prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of registrars, paying agents, depositories or other agents in connection with the issuance of the Bonds, and such other expenses as may be necessary or desirable to said acquisition and construction of the project and placing the same in operation and the financing authorized by this Resolution.

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

H. It is in the best interests of the Issuer that its Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which have expired.

J. The Issuer has obtained the approval of the West Virginia Infrastructure and Jobs Development Council as to the feasibility of the Project.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized the construction and acquisition of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions hereof, the Bonds of the Issuer, to be known as "Grant County Public Service District Water Revenue Bonds" (the "Bonds") are hereby authorized to be issued in the aggregate principal amount of $1,850,000 for the purpose of permanently financing a portion of the Costs of the Project.

Section 3.02. Description of Bonds.

(A) The Bonds shall be issued in the form of one Bond, numbered R-1, in a principal amount not to exceed $1,850,000. The Bonds shall be fully registered in the name of the Government. The Bonds shall be dated the date of delivery thereof. The Bonds shall be sold for an amount not to exceed the par value thereof.

(B) The Bonds shall bear interest at a rate not to exceed four and seventy-five one hundredths per centum (4.750%) per annum from the date of delivery, but only on amounts advanced thereunder as shown on the record of advances and payments attached to the Bonds.

(C) Principal and interest shall be paid in installments as provided in this subsection. The Issuer shall make monthly installments of interest on amounts advanced thereunder as shown on the record of advances and payments attached to the Bonds beginning on the Payment Date and continuing on the corresponding day of each month for the first twenty-four months after the date of delivery of the Bonds. At the end of this twenty-four month period, the Issuer shall make monthly installments of principal and interest in the amount of $8,788 on the corresponding day of each month, except that the final installment shall be paid no later than forty years from the date of delivery of the Bond in the sum of the unpaid principal and interest due on that date.

(D) Notwithstanding the provisions of subsection (C) of this section, the Issuer may prepay all or any portion of the scheduled monthly installments described in this section. Prepayments of principal and interest shall be indicated on the record of advances and payments attached to the Bonds.

(E) The Bonds shall be subject to such other conditions as may be set forth in the Supplemental Resolution.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Chairman, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of the Secretary.

In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The 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 thereof 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 or transferring the Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond

Registrar shall not be obligated to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds and the First Lien Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System. The Second Lien Bonds are junior and subordinate to the First Lien Bonds and the Bonds. Net Revenues of the System in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments as hereinafter provided are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Bonds. The text of the Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 1999

No. R-1 $1,850,000

_____, 1999

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

FOR VALUE RECEIVED, the GRANT COUNTY PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia, in Grant County, West Virginia (herein called the "Borrower"), promises to pay to the order of the UNITED STATES OF AMERICA (herein called the "Government"), at its National Finance Office, St. Louis, Missouri, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of One Million Eight Hundred Fifty Thousand Dollars ($1,850,000) or such lesser amount as shall then be reflected on the Record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of four and seventy-five one hundredths percent (4.750%) per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing thirty days following the date of delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and installments of $8,788 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 herein below.

ORIGINAL PRINCIPAL AMOUNT OF $350,000 (THE "SERIES 1976 BONDS"); THE DORCAS PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1974, DATED JANUARY 7, 1975, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $90,000 (THE "SERIES 1974 BONDS"); AND THE DORCAS PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1973, DATED SEPTEMBER 21, 1973, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $188,000 (THE "SERIES 1973 BONDS," AND COLLECTIVELY WITH THE SERIES 1990 BONDS, THE SERIES 1984 BONDS, THE SERIES 1976 BONDS AND THE SERIES 1974 BONDS, THE "FIRST LIEN BONDS"). THIS BOND AND THE FIRST LIEN BONDS ARE SENIOR AS TO SOURCE OF SECURITY FOR PAYMENT TO THE GRANT COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BOND, SERIES 1993, DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $130,000 (THE "SERIES 1993 BONDS") AND THE GRANT COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BOND, SERIES 1991, DATED AUGUST 6, 1991 ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1991 BONDS," AND COLLECTIVELY WITH THE SERIES 1993 BONDS, THE "SECOND LIEN BONDS"). THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, which lien is on a parity as to security and source of payment with the lien of the First Lien Bonds, moneys in the Reserve Account created under the Resolution (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on this Bond, the Prior Bonds, and all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such System as and when the same become due and payable, and which shall be set aside and remitted to the Government for the Bonds as provided herein and in the Resolution and in the Prior Resolutions. This Bond does not constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provisions or limitations, nor shall said Borrower be obligated to pay the same or the interest hereon except from the Net Revenues derived from the operation of said System, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Borrower has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System, and to leave a balance each year equal to at least 110% 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 prior to or on a parity with or subordinate to the Bonds, including, without limitation, the Prior Bonds. The Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Resolution. Remedies provided the owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of _____, _____, West Virginia (the "Registrar") which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its attorney or legal representative duly authorized in writing.

Subject to registration requirements, 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.

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 such purposes and periods of time.

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

This Bond will be in default should any proceeds 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, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Resolution, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, the Grant County Public Service District has caused this Bond to be signed by its Chairman and its seal to be hereunto impressed and attested by its Secretary, all as of the date first written above.

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

[SEAL]

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Grant County Public Service District Water Revenue Bonds, Series 1999, described in the within-mentioned Resolution and has been duly registered in the name of the United States of America as of the date set forth below.

Date: _____, 1999

_____,
as Registrar

By _____
Its Authorized Officer

RECORD OF ADVANCES AND PAYMENTS

Advances

Date	Amount	Initialed By
(1)	$	
(2)	$	
(3)	$	
(4)	$	
(5)	$	
(6)	$	
(7)	$	
(8)	$	
(9)	$	
(10)	$	

TOTAL: $ _____

UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE

By: _____
(Title)

RECORD OF ADVANCES AND PAYMENTS

Payments

Date	Amount	Initialed By
(1)	$	
(2)	$	
(3)	$	
(4)	$	
(5)	$	
(6)	$	
(7)	$	
(8)	$	
(9)	$	
(10)	$	

TOTAL: $ _____

UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE

By: _____
(Title)

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

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.10. Sale of Bonds. The Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV

LINE OF CREDIT

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. System Revenues and Application Thereof. So long as the Bonds shall be Outstanding and unpaid, the Issuer covenants with the Bondholders as follows:

(A) The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund which was created by the Prior Resolutions and hereby continued. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities.

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

(2) Next from the moneys in the Revenue Fund, the Issuer shall make the interest payments required by the Prior Resolutions on account of the First Lien Bonds then outstanding, and commencing on the day which is thirty days following the date on which the Bonds were issued and continuing on the same day of each month thereafter, on a pro rata basis with interest payments under this subdivision (2) on account of the First Lien Bonds then outstanding, shall apportion and set apart out of the Revenue Fund and remit to the office and place designated by the Bonds (the "Series 1999 Sinking Fund") the monthly payment of interest set forth in the Supplemental Resolution or such lesser amount as is required to pay interest on the Bonds as evidenced by the Record of Advances and Payments attached to the Bonds.

(3) Next from the moneys in the Revenue Fund, the Issuer shall make the principal payments required by the Prior Resolutions on account of the First Lien Bonds then outstanding, and commencing on the date which is twenty-four months following the the date on which the Bonds were issued and continuing on the same day of each month thereafter, on a pro rata basis with principal payments under this subdivision (3) on account of the First Lien Bonds then outstanding, shall apportion and set apart from the Revenue Fund and remit to the Sinking Fund the monthly payment of principal set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances and Payments attached to the Bond as set forth in the Bond form in Section 3.09.

The deposits to the Sinking Fund provided in this subdivision (3) and in subdivision (2) above constitute actual payments of principal and interest on the Bonds issued to the Government. The amounts required for principal and interest payments on the

Bonds issued hereunder other than to the Government shall be deposited in a sinking fund created by a Supplemental Resolution.

(4) The Issuer shall next transfer from the Revenue Fund and make the transfers then required by the Prior Resolutions into the reserve accounts established or continued by the Prior Resolutions on account of the First Lien Bonds then outstanding, and commencing on the day which is thirty days following the date on which the Bonds were issued and continuing on the same day of each month thereafter, on a pro rata basis with reserve fund payments under this subdivision (4) on account of the First Lien Bonds then outstanding, deposit in the Series 1999 Reserve Account at the Commission or at a banking institution approved by the Government, or in the case of Bonds other than the Bonds originally authorized hereby, in a reserve account in a sinking fund created by Supplemental Resolution or otherwise as designated by a Supplemental Resolution, an amount equal to ½ of 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest which will become due on the Bonds in any year, until the amount in the Series 1999 Reserve Account equals the Series 1999 Reserve Requirement. In the event that additional funds are required to maintain the Series 1999 Reserve Requirement in the Series 1999 Reserve Account or to maintain the amounts required to be maintained by the Prior Resolutions into the reserve accounts established or continued by the Prior Resolutions on account of the First Lien Bonds then outstanding or both, the Issuer shall first make the required payments on a pro rata basis into the Series 1999 Reserve Account or the reserve accounts established or continued by the Prior Resolutions on account of the First Lien Bonds or both prior to making any of the payments required by subdivisions (5), (6), (7) or (8) of this subsection.

No further payments shall be made into the Series 1999 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 1999 Reserve Requirement. Moneys in the Series 1999 Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when moneys in the Revenue Fund or, in the case of bonds other than the Bonds originally authorized hereby, the funds in a sinking fund created by Supplemental Resolution are insufficient therefor and for no other purposes.

Any withdrawals from the Series 1999 Reserve Account which result in a reduction in the balance of the Series 1999 Reserve Account to below the Series 1999 Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments under subdivisions (2), (3) and (4) of this subsection, including any deficiencies for prior payments, have been made in full.

As and when Additional Bonds ranking on a parity with the Bonds are issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such Additional Bonds and to accomplish retirement thereof at or before maturity and to accumulate a balance in the Series 1999 Reserve Account in an amount equal to the maximum provided and required to be paid in principal and interest in any succeeding year for account of all the Bonds.

(5) Next from the moneys in the Revenue Fund, the Issuer shall make the interest payments required by the Prior Resolutions on account of the Second Lien Bonds then outstanding, on a pro rata and parity basis among the Second Lien Bonds then outstanding.

(6) Next from the moneys in the Revenue Fund, the Issuer shall make the principal payments required by the Prior Resolutions on account of the Second Lien Bonds then outstanding, on a pro rata and parity basis among the Second Lien Bonds then outstanding.

(7) Next from the moneys in the Revenue Fund, the Issuer shall make the transfers required by the Prior Resolutions on account of the Second Lien Bonds then outstanding to any and all reserve accounts established for the Second Lien Bonds, on a pro rata and parity basis among the Second Lien Bonds then outstanding.

(8) Thereafter, from the moneys remaining in said Revenue Fund, the Issuer shall next make the transfers required to be made into the Depreciation Reserve by the 1993 Resolution until such account is fully funded pursuant to the 1993 Resolution, and shall, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, transfer to the Depreciation Reserve, in addition to any amount then required to be transferred pursuant to the 1993 Resolution, an additional amount equal to ½ of 1/12th of 1/10th of the amount of the Series 1999 Reserve Requirement; provided, that after the Series 1999 Reserve Requirement has been accumulated in the Series 1999 Reserve Account pursuant to subdivision (4) of this subsection, the Issuer shall also transfer from the Revenue Fund to the Depreciation Reserve an additional ½ of 1/12th of 1/10th of the Series 1999 Reserve Requirement. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on account of the First Lien Bonds then outstanding and the Bonds, on a pro rata basis, as the same become due; next to restore to the reserve accounts established for the First Lien Bonds then outstanding and the Series 1999 Reserve Account, on a pro rata basis, any sum or sums transferred therefrom; next to make up any deficiencies for monthly payments of principal of and interest on any Second Lien Bonds then outstanding, on a pro rata basis, as the same become due; and thereafter to make up any deficiencies in the reserve accounts established for any Second Lien Bonds then outstanding, on a pro rata basis, as the same become due. Thereafter and provided that payments into the aforementioned reserve accounts are current and in accordance with the foregoing provisions, monies 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 therefor. All funds in said Depreciation Reserve shall be kept apart from all other funds of the Issuer, and all or any part of said fund may be invested as provided by Article IX.

(9) If all of the above required payments are then current, the Issuer may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the First Lien Bonds then outstanding and of the Bonds, in accordance with the terms thereof, pro rata as to each series, (b) for

prepayment of the amount, or any part thereof, of the Second Lien Bonds then outstanding and of the Bonds, in accordance with the terms thereof, pro rata as to each series, (c) for additions, betterments or replacements to the System which the Consulting Engineers certify are needed, (d) for payments of principal of and interest on subordinate waterworks and sewerage system revenue bonds or other obligations which may hereafter be issued by the Issuer, or (e) for any lawful purpose of the System.

(B) All of the funds and accounts provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

(C) The moneys in excess of the sum insured by the maximum amounts insured by the FDIC in the Revenue Fund, in the Series 1999 Reserve Account and in the Depreciation Reserve shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

(D) If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payments dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Series 1999 Reserve Account have not, as of such date, funded such account to the requirement therefor.

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

(F) The Gross Revenues of the System shall only be used for purposes of the System.

Section 5.02. Tap Fees. During the construction of the Project, Tap Fees shall be deposited in the Construction Trust Fund created in Section 6.02 hereof. Following completion of the Project, Tap Fees shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 5.03. Excess Bond Proceeds. The Issuer shall apply any excess proceeds from the Bonds not required by the Project as instructed in writing by the Government.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All the moneys received from time to time from the sale of Bonds shall be deposited in the Construction Trust Fund, hereinafter created.

Section 6.02. Construction Trust Fund. There is hereby created with the Depository Bank a special fund to be known as the "Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the Costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of Project, for the payment of interest on the Bonds during construction and for a period up to six months thereafter and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the Depository Bank, by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Holders of the Bonds hereby authorized.

Expenditures or disbursements by the Depository Bank from said Construction Trust Fund shall be made only after such expenditures or disbursements shall have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System which lien is on a parity as to such security and source of payment with the lien of the First Lien Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds herein authorized and to make the payments into the Series 1999 Sinking Fund and the Series 1999 Reserve Account and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein and therein, to the payment of the principal of and interest on the Prior Bonds and the Bonds as the same become due, and for the other purposes provided in this Resolution and the Prior Resolutions.

Section 7.04. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will 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 in the office of the Governing Body, copies of which will be open to inspection by all interested parties. The schedule of rates and charges shall be sufficient to pay the Operating Expenses of the System, to pay the principal of and interest on the Bonds and the Prior Bonds, to make the required transfers into the Series 1999 Reserve Account and the reserve accounts established on account of any Prior Bonds then outstanding, and to to make the transfers into the Depreciation Reserve required by the 1993 Resolution and this Resolution. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this

covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds (including, without limitation, the First Lien Bonds).

Section 7.05. Sale of the System. So long as the Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government, and such consent will specify the disposition of any such sale or transfer. So long as the Prior Bonds are outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of only in accordance with the terms of the Prior Resolutions and with the written consent of the Government.

Section 7.06. Issuance of Additional Bonds. As long as the Prior Bonds are Outstanding, no Additional Bonds shall be issued except as provided in the Prior Resolutions and with the prior written consent of the Government. As long as the Bonds are Outstanding, no additional Bonds shall be issued without the prior written consent of the Government.

Section 7.07. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Resolution 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 PSC. 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 Government. The Government 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 Government shall be reported to such agent of the Issuer as the Government shall direct.

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

(A) A statement of Gross Revenues, Operating Expenses and Net 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 Resolution and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Government, or any other original purchaser of the Bonds. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of this Resolution and the Prior Resolutions.

The Issuer shall keep and preserve all financial records for a period of ten (10) years, and such material, upon request, will be made available for public inspection.

Section 7.08. Fiscal Year; Budget. While the 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 such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Board. Copies of each annual budget shall be delivered to the Government 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 ten percent (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 the Issuer's failure to submit an annual budget shall be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 7.09. Services Rendered by the System. The Issuer will not render or cause to be rendered any free services of any nature by its System; 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 7.10. 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 laws of the State and the rules and regulations of the Public Service Commission. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

To the extent allowed by law and the PSC, whenever any rates, rentals or charges for the services and facilities of the System, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid.

The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, for any account not paid within sixty (60) days, discontinue and shut off the services and facilities of the System and, in the event the Issuer owns a sewer facility (the "Sewerage System"), the Sewerage System to all users of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System have been paid in full and all accrued penalties plus a reconnection charge have been paid and shall take all further actions to enforce collections to the maximum extent permitted by law. The Issuer further covenants to use its best efforts to enter into agreements with any other entities providing sewerage service to its users, providing for discontinuing and shutting off the services and facilities of the sewerage system to users of the System delinquent in payment.

Section 7.11. Insurance and Bonds. The Issuer hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain 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 prior to acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the 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 personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $200,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(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 for the benefit of the Issuer, with limits of not less than $500,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $200,000 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.

(D) Workers' Compensation Coverage for All Employees of the System 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 contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of Grant County prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or valuable property of the System 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 required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available.

(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 Government holds any of the Bonds, 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 prime contractor to carry insurance, of such types and in such amounts as the Government may specify, and with insurance carriers or bonding companies acceptable to the Government.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to

any person, firm, corporation or body, or agency or instrumentality for the providing of any services which would compete with services provided by the System.

Section 7.13. Consulting Engineer. The Issuer will retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and renewal of the System, and to report annually to the Issuer writing their recommendations and comments as to the System. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available at reasonable times to the Government and to any Bondholder requesting the same.

Section 7.14. Contracts. Not later than simultaneously with the delivery of the Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of the Project.

Section 7.15. Statutory Mortgage Lien. For the further protection of the Holders of 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, and shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of the Bonds; provided however, that a statutory mortgage lien in favor of the Holders of the Bonds issued hereunder shall be on a parity with the statutory mortgage lien in favor of the owners of the First Lien Bonds.

Section 7.16. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.17. Covenant to Amend Resolution. The Issuer retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Resolution as the Issuer deems necessary prior to the issuance of the Bonds to meet the requirements of the Government.

Section 7.18. Compensation of the Issuer. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Public Service Board of the Issuer 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 and in the Prior Resolutions, nor when there is a default in the performance of or compliance with any covenants or provision hereof or of the Prior Resolutions.

Section 7.19. Funds and Accounts Under Prior Resolutions. The Issuer hereby covenants that all payments into the respective funds and accounts created under the Prior Resolutions will have been made in full as required by the Prior Resolutions prior to the date of delivery of the Bonds.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, any Supplemental Resolution or the Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

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

(D) If a default occurs under the Prior Resolutions.

Section 8.02. 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 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 this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the resolution with respect to the Bonds, or the rights of such Registered Owners.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, with respect to the Bonds, the Registered Owner 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, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other

charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution 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 Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Registered Owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver 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 Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

Section 8.04. Remedies On Parity With First Lien Bonds. The exercise of any remedies set forth in Sections 8.02 and 8.03 above shall recognize and protect the parity rights of the owners of the First Lien Bonds.

ARTICLE IX

INVESTMENTS

Section 9.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Depository Bank at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as specifically provided herein, 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, including but not limited to those in the Construction Trust Fund, and used for the purpose of such fund or account. 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 Owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Depository Bank 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. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. Except as provided in Section 7.17, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of 66-2/3 percent or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the Net Revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds respectively, required for consent to the above-permitted amendments or modifications.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Bonds.

Section 10.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.04. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, in conflict with this Resolution are, to the extent of such conflict, repealed; provided, that no provision of the Government's Form 1942-47 or the Prior Resolutions shall be repealed hereby.

Section 10.05. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred, and are, duly in office and duly qualified for such office.

Section 10.06. Satisfaction and Discharge. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the respective pledges of Net Revenues, and other moneys and

securities pledged under this Resolution, and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. Any payment must comply with the terms of the Letter of Conditions and any Government regulations.

Section 10.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 25th day of February, 1999.

GRANT COUNTY PUBLIC SERVICE DISTRICT

Dwight Calhoun
Chairman, Public Service Board

[SEAL]

Juanita Lloyd
Member, Public Service Board

Patricia H. Kitzmiller
Member, Public Service Board

CHASFS3:130140

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Grant County Public Service District.

[SEAL]

Secretary, Public Service Board

EXHIBIT A

The Project involves the acquisition and construction of the extension of water distribution facilities consisting of approximately 158,000 linear feet of 4 inch and 6 inch water distribution pipe, two (2) 95,000 gallon water storage tanks, three (3) water booster stations, and miscellaneous appurtenances, to provide water service to the areas of Sunrise Heights, North Mill Creek Road, Masonville, Wildcat Road, Scherr, Keplinger Road, Knobley Road, Morgantown Road and Greenland Road. A total of 200 potential users will be serviced by the new water extensions. Treated water is purchased from the City of Petersburg for redistribution.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, INTEREST RATE, AND SALE PRICE OF THE GRANT COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1999; DESIGNATING A REGISTRAR AND DEPOSITORY BANK; SETTING FORTH REGISTRATION INFORMATION; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Board") of the Grant County Public Service District (the "District") has duly and officially adopted a Bond and Line of Credit Resolution, on February 25, 1999 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS FACILITY OF THE GRANT COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF $1,850,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 AND THE SALE THEREOF TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds (the "Bonds") of the District in an aggregate principal amount not to exceed $1,850,000 and the sale thereof to the United States Department of Agriculture, Rural Utilities Service ("RUS"), all in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended (the "Act"), and the Resolution, and it is provided that the interest rates and sale price of the Bonds would be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for;

WHEREAS, RUS proposes to purchase the Bonds;

WHEREAS, the Board of the District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the price of and the interest rate on 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 BOARD OF THE GRANT COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued the Grant County Public Service District Water Revenue Bonds, Series 1999, in the aggregate principal amount of $1,850,000, and the sale thereof to RUS. The Bonds shall be in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered R-1 and the principal amount advanced under the Bonds shall bear interest at the rate of four and seventy-five one hundredths per centum (4.75%) per annum. Monthly installments of interest on amounts advanced thereunder as shown on the record of advances and payments attached to the Bonds are payable beginning on the day which is one month following the date the Bonds were issued and continuing on the corresponding day of each month for the first twenty-four months after the date of delivery of the Bonds. At the end of this twenty-four month period, monthly installments of principal and interest in the amount of $8,788 are payable on the corresponding day of each month, except that the final installment shall be paid no later than forty years from the date of delivery of the Bond in the sum of the unpaid principal and interest due on that date. The Bonds are subject to prepayment as set forth in the Resolution.

Section 2. All other provisions relating to the Bonds shall be as provided in the Resolution and the Bonds shall be in substantially the form provided in the Resolution with such changes, insertions and omissions as may be approved by the Board of the District. The execution of the Bonds by the Chairman shall be conclusive evidence of such approval.

Section 3. The District hereby approves and accepts the offer of RUS to purchase the Bonds. The execution and delivery by the Chairman and Secretary of the Bonds, and the performance of the obligations contained therein, on behalf of the District are hereby authorized, approved and directed. The price of the Bonds shall be One Million Eight Hundred Fifty Thousand Dollars ($1,850,000) (100% of par value). At least One Hundred Seventy-Five Thousand Dollars ($175,000) will be advanced on the date of Closing and the remaining purchase price will be advanced to the District as needed to pay the Costs of the Project.

Section 4. All principal and interest payments on the Bonds will be paid to the order of the United States of America on behalf of the United States Department of Agriculture at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 5. The Bonds shall be issued as a fully registered Bond, both as to principal and interest, and shall be registered to the United States of America on behalf of the United States Department of Agriculture, Rural Utilities Service, 75 High Street, Morgantown, West Virginia 26505.

Section 6. The District hereby appoints and designates Potomac Valley Bank, Petersburg, West Virginia, as the Depository Bank, as provided in the Resolution.

Section 7. The District hereby appoints and designates Potomac Valley Bank, Petersburg, West Virginia, as Registrar for the Bonds as provided in the Resolution.

Section 8. The Chairman and the Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Resolution and the RUS financing.

Section 9. The financing of the Project by the Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 10. It is anticipated that the Bonds will be delivered on or about March 4, 1999.

Section 11. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: February 25, 1999

Dwight Calhoun
Chairman

[SEAL]

Patricia H. Fitzmiller
Secretary

CHASFS3:130175

CERTIFICATION

Certified as a true copy of a Supplemental Resolution adopted by the Public Service Board of Grant County Public Service District.

[SEAL]

Patricia H. Kitzmiller
Secretary, Public Service Board

GRANT COUNTY PUBLIC SERVICE DISTRICT 2.4
WATER REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF GRANT COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,833,369 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GRANT 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 Code of West Virginia, 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. Grant County Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Grant County of said State.

B. The Issuer presently owns and operates a public water system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public water facilities of the Issuer, consisting of waterline extensions to serve approximately 126 new customers, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (the existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,833,369 (the "Series 2005 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. Such costs shall be deemed to include the cost of acquisition and construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, on the Series 2005 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 Series 2005 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 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 2005 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that the 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"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The following outstanding bonds of the Issuer have a first lien on the Net Revenues of the System: (i) Water Revenue Bonds, Series 1976, dated November 13, 1978, issued in the original principal amount of $350,000 (the "Series 1976 Bonds"); (ii) Water Revenue Bonds, Series 1984, dated August 14, 1984, issued in the original principal amount of $400,000 (the "Series 1984 Bonds"); (iii) Water Revenue Bonds, Series 1990, dated September 25, 1990, issued in the original principal amount of $209,000 (the "Series 1990 Bonds"); and (iv) Water Revenue Bonds, Series 1999, dated March 4, 1999, issued in the original principal amount of $1,850,000 (the "Series 1999 Bonds").

The following outstanding bonds of the Issuer have a second lien on the Net Revenues of the System:(a) Water Revenue Bonds, Series 1991, dated August 6, 1991, issued in the original principal amount of $600,000 (the "Series 1991 Bonds"); and (b)Water Revenue Bonds, Series 1993, dated December 6, 1993, issued in the original principal amount of $130,000 (the "Series 1993 Bonds").

Simultaneously with the issuance of the Series 2005 A Bonds, the Series 1991 Bonds and the Series 1993 Bonds shall advance from a second lien to a first lien position. The Series 1976 Bonds, the Series 1984 Bonds, the Series 1990 Bonds, the Series 1991 Bonds, the Series 1993 Bonds and the Series 1999 Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2005 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2005 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 have been met; (ii) the written consent of the Registered Owner of the Prior Bonds to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds; and (iii) the written consent of the Registered Owner of the Prior Bonds to the advancement of the Series 1991 Bonds and the Series 1993 Bonds from a second lien to a first lien position. 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 following completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest, if any, on the Series 2005 A Bonds and the Prior Bonds and all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and the issuance of the Series 2005 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 (the "PSC") 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 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 Code of West Virginia, 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 A Bonds by those who shall be the Registered 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, 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 Code of West Virginia, 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 2005 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

"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 this Bond Resolution or the Supplemental Resolution and its successors and assigns.

"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.

"Bonds" means, collectively, the Series 2005 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Chairperson" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2005 A Bonds for all or a portion of the proceeds of the Series 2005 A Bonds.

"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 Geary Associates, Petersburg, 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 Code of West Virginia, 1931, as amended.

"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 or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

"Depreciation Reserve" means the Depreciation Reserve created by the Prior Resolutions and continued by Section 5.01 hereof.

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

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

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

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

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

"Gross Revenues" means 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) 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 Grant County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 2005 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 2005 A 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. 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, 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, as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent, 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 moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2005 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1976 Bonds, the Series 1984 Bonds, the Series 1990 Bonds, the Series 1991 Bonds, the Series 1993 Bonds and the Series 1999 Bonds of the Issuer, all as described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, authorizing the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

"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 Code of West Virginia, 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" 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.

"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 created by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2005 A Bonds and the Prior Bonds.

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

"Revenue Fund" means the Revenue Fund created by the Prior Resolutions and continued by Section 5.01 hereof.

"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 created by Section 5.01 hereof.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account created 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, if any, 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 created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2005 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 2005 A 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 not so included, may be included in another Supplemental Resolution.

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

"System" means the complete public service properties of the Issuer 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 as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the Code of West Virginia, 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 Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson 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 $2,659,754, 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 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 Council.

The cost of the Project is estimated to be $2,659,754, of which approximately $1,833,369 will be obtained from proceeds of the Series 2005 A Bonds, approximately $799,450 will be obtained from a West Virginia Infrastructure Fund Grant, approximately $25,000 will be obtained from a Local Economic Development Assistance Grant and approximately $1,935 will be obtained from a West Virginia Economic Development Authority Grant administered by the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2005 A Bonds, funding the Series 2005 A Bonds Reserve Account, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2005 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2005 A Bonds of the Issuer. The Series 2005 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,833,369, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds remaining after funding the Series 2005 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2005 A Bonds, if any, shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2005 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the 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 shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2005 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 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 2005 A Bonds. The Series 2005 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 have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2005 A Bonds shall be executed in the name of the Issuer by the Chairperson, 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 shall cease to be such officer of the Issuer before the Series 2005 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2005 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2005 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such 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 such Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of such 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 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 Registered Owner, in accepting the Series 2005 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 Registered Owner shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2005 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2005 A Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2005 A Bonds or transferring the registered Series 2005 A Bonds is exercised, all such Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All such Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such 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 such Bonds or, in the case of any proposed redemption of such 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 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 Registered Owner'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 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 Registered Owner of such Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. Simultaneously with the issuance of the Series 2005 A Bonds, the Series 1991 Bonds and the Series 1993 Bonds shall advance from a second lien to a first lien position. The payment of the debt service of the Series 2005 A Bonds shall be secured by a first lien on the Net Revenues, on a parity with the lien on the Net Revenues in favor of the Registered Owners 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 2005 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation and the Prior Resolutions, 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 to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 A Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate, register and deliver such Bonds to the original purchasers.

Section 3.10. Form of Bonds. The text of the Series 2005 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 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT 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 _____, 200_, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further

improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1976, DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $350,000; (2) WATER REVENUE BONDS, SERIES 1984, DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $400,000; (3) WATER REVENUE BONDS, SERIES 1990, DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $209,000; (4) WATER REVENUE BONDS, SERIES 1991, DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $600,000; (5) WATER REVENUE BONDS, SERIES 1993, DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $130,000; AND (6) WATER REVENUE BONDS, SERIES 1999, DATED MARCH 4, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,850,000 (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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of this Bond. 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 moneys in the Series 2005 A Bonds Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable

in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior 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 this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, 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 Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond 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, GRANT COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the date first written above.

[SEAL]

_____

Chairperson

ATTEST:

_____

Secretary

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: _____, 200__.

_____

_____, 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 said Bond on the books kept for registration thereof 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 shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule, the form 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 with (or continued if previously established by the Prior Resolutions)and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

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

(3) Renewal and Replacement Fund; and

(4) Series 2005 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; and

(2) Series 2005 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund,

make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolutions.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) remit to the Commission, on the first day of each month, 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; 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 next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts for the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) remit to the Commission, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon the 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, until the amount in the Series 2005 A Bonds Reserve Account equals 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.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank (i) for deposit in the Depreciation Reserve, the amount required by the Prior Resolutions to be deposited therein; and (ii) for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account, so long as the Series 2005 A Bonds are outstanding. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2005 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall become due. Moneys in the Series 2005 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall come due, when other moneys in the Series 2005 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2005 A Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2005 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2005 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2005 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2005 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 2005 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 therefor.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund or the Series 2005 A 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 then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2005 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account created hereunder, and all amounts required for such 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 any time, the Issuer shall make the necessary arrangements whereby required

payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2005 A Bonds Sinking Fund and the Series 2005 A 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 and the Series 2005 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 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 interest, principal and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, 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 respective parties shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2005 A 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 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. Next, from the proceeds of the Series 2005A Bonds, there shall be deposited 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.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2005 A Bonds, such moneys 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.

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 2005 A Bonds shall be expended as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2005 A Bonds 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, 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.

Pending such application, moneys in the Series 2005 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2005 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2005 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 the Series 2005 A Bonds or the interest, if any, thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 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 Registered Owner of the Series 2005 A 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 or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. Simultaneously with the issuance of the Series 2005 A Bonds, the Series 1991 Bonds and the Series 1993 Bonds shall advance from a second lien to a first lien position. The payment of the debt service of the Series 2005 A Bonds shall be secured by a first lien on the Net Revenues, on a parity with the lien on the Net Revenues in favor of the Registered Owners 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 Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation and the Prior Resolutions 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 in and approved by the PSC Order and such rates are hereby adopted.

So long as the Series 2005 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 this 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 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 System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. Additionally, so long as the Series 2005 A Bonds are Outstanding and except as otherwise required by law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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, be remitted to the Series 2005 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2005 A Bonds. Any balance remaining after the payment of the Series 2005 A Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other

disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners 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. All obligations issued by the Issuer after the issuance of the Series 2005 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 2005 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 2005 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 2005 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 2005 A Bonds pursuant to this Bond Legislation, except

with the prior written consent of the Authority, the Council and the Government under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2005 A Bonds.

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

(1) The Bonds then Outstanding;

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

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

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

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

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

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

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 State and federal grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the 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 PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 2005 A Bonds, and shall mail in each year to any Registered Owner of the Series 2005 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2005 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2005 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 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 Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2005 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from 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 all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds. 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 30 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 Registered Owner of the Series 2005 A 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 Registered Owner of the Series 2005 A Bonds, or anyone acting for and on behalf of such Registered Owner.

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, certifying, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals

or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC 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 PSC, 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 PSC, 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. Except as required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 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) 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 Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(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. 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. The Issuer shall verify such insurance prior to commencement of construction.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2005 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [Reserved]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2005 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 2005 A Bonds; provided however, that the statutory mortgage lien of the Series 2005 A Bonds shall be on a parity with the statutory mortgage lien 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 shall 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; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 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 2005 A Bonds held in "contingency" as set forth in the schedules 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 2005 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, 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 are Outstanding.

Section 8.02. Certificate 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 A Bonds as a condition to issuance of the Series 2005 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 2005 A Bonds as may be necessary in order to maintain the status of the Series

2005 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 2005 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2005 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2005 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 2005 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 2005 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 2005 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 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, the Paying Agent or a Registered Owner 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 under 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 the Series 2005 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2005 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2005 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, the making and collection of sufficient rates and charges for services rendered by the System and

segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, 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 the System as the Issuer itself might exercise.

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2005 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 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 2005 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 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 pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income of the Registered Owners 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 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.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with the

provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

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

Adopted this 21st day of July, 2005.

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Grant County Public Service District on the 21st day of July, 2005.

Dated this 28th day of July, 2005.

[SEAL]

Barbara M. Smith
Secretary

06/29/05
101981/00302

M0441216.1

GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE GRANT COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO SUCH BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Grant County Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on July 21, 2005 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF GRANT COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,833,369 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed $1,833,369 (the "Bonds" or the "Series 2005 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 2005 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority ("the Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

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

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

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

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $1,833,369. The Series 2005 A Bonds shall be dated the date of delivery, shall finally mature June 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, in the amounts set forth in the Schedule Y attached to the 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 Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2005 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 Resolution.

Section 3. The Issuer hereby authorizes, approves, ratifies and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairperson and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. 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 Series 2005 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and approves and accepts 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 Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates Summit Community Bank, Petersburg, West Virginia, to serve as the Depository Bank under the 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 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 9. The remaining proceeds of the Series 2005 A Bonds, as advanced from time to time, shall be deposited in the Series 2005 A Bonds Construction Trust Fund for payment of costs of the Project, including costs of issuance of the Series 2005 A Bonds.

Section 10. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the 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 July 28, 2005.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 14. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

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

Adopted this 21st day of July, 2005.

Chairperson

Member

Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Grant County Public Service District on the 21st day of July, 2005.

Dated this 28th day of July, 2005.

[SEAL]

Barbara M. Smith
Secretary

07/11/05
101981/00302

NUMBER

AR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

$1,833,369

KNOW ALL MEN BY THESE PRESENTS: That on this 28th day of July, 2005, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 EIGHT HUNDRED THIRTY THREE THOUSAND THREE HUNDRED SIXTY NINE DOLLARS ($1,833,369), 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 July 28, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on July 21, 2005, and a Supplemental Resolution duly adopted by the Issuer on July 21, 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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1976, DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $350,000; (2) WATER REVENUE BONDS, SERIES 1984, DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $400,000; (3) WATER REVENUE BONDS, SERIES 1990, DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $209,000; (4) WATER REVENUE BONDS, SERIES 1991, DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $600,000; (5) WATER REVENUE BONDS, SERIES 1993, DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $130,000; AND (6) WATER REVENUE BONDS, SERIES 1999, DATED MARCH 4, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,850,000 (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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of this Bond. 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 moneys in the Series 2005 A

Bonds Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior 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 this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, 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 Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any

proceeds of this Bond 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, GRANT COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the date first written above.

[SEAL]

Patricia H. Kimmell
Chairperson

SPECIMEN

ATTEST:

Barbara M. Smith
Secretary

AR-1

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: July 28, 2005.

UNITED BANK, INC., as Registrar

SPECIMEN

Authorized Officer

AR-1

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$203,922	7/28/05	(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 $_____

AR-1
EXHIBIT B

$1,833,369

Grant County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 28, 2005

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	11,828.19	-	11,828.19
03/01/2007	11,828.19	-	11,828.19
06/01/2007	11,828.19	-	11,828.19
09/01/2007	11,828.19	-	11,828.19
12/01/2007	11,828.19	-	11,828.19
03/01/2008	11,828.19	-	11,828.19
06/01/2008	11,828.19	-	11,828.19
09/01/2008	11,828.19	-	11,828.19
12/01/2008	11,828.19	-	11,828.19
03/01/2009	11,828.19	-	11,828.19
06/01/2009	11,828.19	-	11,828.19
09/01/2009	11,828.19	-	11,828.19
12/01/2009	11,828.19	-	11,828.19
03/01/2010	11,828.19	-	11,828.19
06/01/2010	11,828.19	-	11,828.19
09/01/2010	11,828.19	-	11,828.19
12/01/2010	11,828.19	-	11,828.19
03/01/2011	11,828.19	-	11,828.19
06/01/2011	11,828.19	-	11,828.19
09/01/2011	11,828.19	-	11,828.19
12/01/2011	11,828.19	-	11,828.19
03/01/2012	11,828.19	-	11,828.19
06/01/2012	11,828.19	-	11,828.19
09/01/2012	11,828.19	-	11,828.19
12/01/2012	11,828.19	-	11,828.19
03/01/2013	11,828.19	-	11,828.19
06/01/2013	11,828.19	-	11,828.19
09/01/2013	11,828.19	-	11,828.19
12/01/2013	11,828.19	-	11,828.19
03/01/2014	11,828.19	-	11,828.19
06/01/2014	11,828.19	-	11,828.19
09/01/2014	11,828.19	-	11,828.19
12/01/2014	11,828.19	-	11,828.19
03/01/2015	11,828.19	-	11,828.19
06/01/2015	11,828.19	-	11,828.19
09/01/2015	11,828.19	-	11,828.19
12/01/2015	11,828.19	-	11,828.19
03/01/2016	11,828.19	-	11,828.19
06/01/2016	11,828.19	-	11,828.19

$1,833,369

Grant County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 28, 2005

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2016	11,828.19	-	11,828.19
12/01/2016	11,828.19	-	11,828.19
03/01/2017	11,828.19	-	11,828.19
06/01/2017	11,828.19	-	11,828.19
09/01/2017	11,828.19	-	11,828.19
12/01/2017	11,828.19	-	11,828.19
03/01/2018	11,828.19	-	11,828.19
06/01/2018	11,828.19	-	11,828.19
09/01/2018	11,828.19	-	11,828.19
12/01/2018	11,828.19	-	11,828.19
03/01/2019	11,828.19	-	11,828.19
06/01/2019	11,828.19	-	11,828.19
09/01/2019	11,828.19	-	11,828.19
12/01/2019	11,828.19	-	11,828.19
03/01/2020	11,828.19	-	11,828.19
06/01/2020	11,828.19	-	11,828.19
09/01/2020	11,828.19	-	11,828.19
12/01/2020	11,828.19	-	11,828.19
03/01/2021	11,828.19	-	11,828.19
06/01/2021	11,828.19	-	11,828.19
09/01/2021	11,828.19	-	11,828.19
12/01/2021	11,828.19	-	11,828.19
03/01/2022	11,828.19	-	11,828.19
06/01/2022	11,828.19	-	11,828.19
09/01/2022	11,828.19	-	11,828.19
12/01/2022	11,828.19	-	11,828.19
03/01/2023	11,828.19	-	11,828.19
06/01/2023	11,828.19	-	11,828.19
09/01/2023	11,828.19	-	11,828.19
12/01/2023	11,828.19	-	11,828.19
03/01/2024	11,828.19	-	11,828.19
06/01/2024	11,828.19	-	11,828.19
09/01/2024	11,828.19	-	11,828.19
12/01/2024	11,828.19	-	11,828.19
03/01/2025	11,828.19	-	11,828.19
06/01/2025	11,828.19	-	11,828.19
09/01/2025	11,828.19	-	11,828.19
12/01/2025	11,828.19	-	11,828.19
03/01/2026	11,828.19	-	11,828.19
06/01/2026	11,828.19	-	11,828.19
09/01/2026	11,828.19	-	11,828.19
12/01/2026	11,828.19	-	11,828.19
03/01/2027	11,828.19	-	11,828.19
06/01/2027	11,828.19	-	

$1,833,369

Grant County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 28, 2005

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2027	11,828.19	-	11,828.19
12/01/2027	11,828.19	-	11,828.19
03/01/2028	11,828.19	-	11,828.19
06/01/2028	11,828.19	-	11,828.19
09/01/2028	11,828.19	-	11,828.19
12/01/2028	11,828.19	-	11,828.19
03/01/2029	11,828.19	-	11,828.19
06/01/2029	11,828.19	-	11,828.19
09/01/2029	11,828.19	-	11,828.19
12/01/2029	11,828.19	-	11,828.19
03/01/2030	11,828.19	-	11,828.19
06/01/2030	11,828.19	-	11,828.19
09/01/2030	11,828.19	-	11,828.19
12/01/2030	11,828.19	-	11,828.19
03/01/2031	11,828.19	-	11,828.19
06/01/2031	11,828.19	-	11,828.19
09/01/2031	11,828.19	-	11,828.19
12/01/2031	11,828.19	-	11,828.19
03/01/2032	11,828.19	-	11,828.19
06/01/2032	11,828.19	-	11,828.19
09/01/2032	11,828.19	-	11,828.19
12/01/2032	11,828.19	-	11,828.19
03/01/2033	11,828.19	-	11,828.19
06/01/2033	11,828.19	-	11,828.19
09/01/2033	11,828.19	-	11,828.19
12/01/2033	11,828.19	-	11,828.19
03/01/2034	11,828.19	-	11,828.19
06/01/2034	11,828.18	-	11,828.18
09/01/2034	11,828.18	-	11,828.18
12/01/2034	11,828.18	-	11,828.18
03/01/2035	11,828.18	-	11,828.18
06/01/2035	11,828.18	-	11,828.18
09/01/2035	11,828.18	-	11,828.18
12/01/2035	11,828.18	-	11,828.18
03/01/2036	11,828.18	-	11,828.18
06/01/2036	11,828.18	-	11,828.18
09/01/2036	11,828.18	-	11,828.18
12/01/2036	11,828.18	-	11,828.18
03/01/2037	11,828.18	-	11,828.18
06/01/2037	11,828.18	-	11,828.18
09/01/2037	11,828.18	-	11,828.18
12/01/2037	11,828.18	-	11,828.18
03/01/2038	11,828.18	-	11,828.18
06/01/2038	11,828.18	-	11,828.18

$1,833,369

Grant County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 28, 2005

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2038	11,828.18	-	11,828.18
12/01/2038	11,828.18	-	11,828.18
03/01/2039	11,828.18	-	11,828.18
06/01/2039	11,828.18	-	11,828.18
09/01/2039	11,828.18	-	11,828.18
12/01/2039	11,828.18	-	11,828.18
03/01/2040	11,828.18	-	11,828.18
06/01/2040	11,828.18	-	11,828.18
09/01/2040	11,828.18	-	11,828.18
12/01/2040	11,828.18	-	11,828.18
03/01/2041	11,828.18	-	11,828.18
06/01/2041	11,828.18	-	11,828.18
09/01/2041	11,828.18	-	11,828.18
12/01/2041	11,828.18	-	11,828.18
03/01/2042	11,828.18	-	11,828.18
06/01/2042	11,828.18	-	11,828.18
09/01/2042	11,828.18	-	11,828.18
12/01/2042	11,828.18	-	11,828.18
03/01/2043	11,828.18	-	11,828.18
06/01/2043	11,828.18	-	11,828.18
09/01/2043	11,828.18	-	11,828.18
12/01/2043	11,828.18	-	11,828.18
03/01/2044	11,828.18	-	11,828.18
06/01/2044	11,828.18	-	11,828.18
09/01/2044	11,828.18	-	11,828.18
12/01/2044	11,828.18	-	11,828.18
03/01/2045	11,828.18	-	11,828.18
06/01/2045	11,828.18	-	11,828.18
Total	**$1,833,369.00**	-	**$1,833,369.00**

Yield Statistics

Bond Year Dollars	$37,752.12
Average Life	20.592 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.47E-11
Bond Yield for Arbitrage Purposes	8.47E-11
All Inclusive Cost (AIC)	8.47E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.592 Years

AR-1

ASSIGNMENT

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

Dated: _____, ____.

_____

In the presence of:

SPECIMEN

_____

2.4

GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

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[RESERVED]

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF GRANT COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF 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 GRANT COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Bond Registrar" means the Issuer, which shall so serve by the Secretary of the Issuer.

"Bonds" means, collectively, the Series 2008 A Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Chairperson" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

"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.

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

"Consulting Engineers" means Rummel, Klepper and Kahl, LLP, Petersburg, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Costs" or "Costs of the Project" means those costs described in Section 1.03E hereof to be a part of the cost of acquisition and construction of the Project.

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

"Depreciation Account" means the Depreciation Account established by the Prior Resolutions and continued by Section 5.01 hereof.

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

"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 is now or may hereafter be constituted.

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2008 A Bonds.

"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) or any Tap Fees, as hereinafter defined.

"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 Grant County Public Service District, a public service district, public corporation and political subdivision of the State in Grant County, operating the System in Grant County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions from the Government dated June 12, 2007, and all amendments thereto.

"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 as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees, 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 moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Section 10.01 hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Prior Bonds" means, collectively, the Issuer's (i) Water Revenue Bonds, Series 1976, dated November 13, 1978, issued in the original principal amount of $350,000; (ii) Water Revenue Bonds, Series 1984, dated August 14, 1984, issued in the original principal amount of $400,000; (iii) Water Revenue Bonds, Series 1990, dated September 25, 1990, issued in the original principal amount of $209,000; (iv) Water Revenue Bonds, Series 1999, dated March 4, 1999, issued in the original principal amount of $1,850,000; and (v) Water Revenue Bonds, Series 2005 A, dated July 28, 2005, issued in the original principal amount of $1,833,369.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, authorizing the Prior Bonds.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

"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 owner 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 Code of West Virginia, 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" 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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2008 A Bonds and the Prior Bonds.

"Resolution" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

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

"Series 1976 Bonds" means the Issuer's Water Revenue Bonds, Series 1976, dated November 13, 1976, issued in the original principal amount of $350,000.

"Series 1984 Bonds" means the Issuer's Water Revenue Bonds, Series 1984, dated August 14, 1984, issued in the original principal amount of $400,000.

"Series 1990 Bonds" means the Issuer's Water Revenue Bonds, Series 1990, dated September 25, 1990, issued in the original principal amount of $209,000.

"Series 1999 Bonds" means the Issuer's Water Revenue Bonds, Series 1999, dated March 4, 1999, issued in the original principal amount of $1,850,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A, dated July 28, 2005, issued in the original principal amount of $1,833,369.

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), 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 5.03A(2) hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2008 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 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 this Resolution to be set aside and held for the payment of or security for the Series 2008 A Bonds and the Prior Bonds, including the Sinking Funds, the Reserve Accounts, the Renewal and Replacement Fund and the Depreciation Account.

"System" means the complete public service properties of the Issuer 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 as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

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

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

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public service district, public corporation and political subdivision of the State in Grant County of the State. The Issuer presently owns and operates a public water system in Grant County. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the Government and the Issuer.

B. 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 Government.

C. The estimated maximum cost of acquisition and construction of the Project is $900,000, of which $500,000 will be obtained from the Series 2008 A Bonds, $294,100 will be obtained from a grant from the Government and $100,000 will be obtained from a grant from the Grant County Commission, and $5,900 will be obtained from a grant from the Grant County Development Authority.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 2008 A Bonds and to make payments into all funds and accounts provided for in this Resolution and the Prior Resolutions.

E. It is deemed necessary for the Issuer to issue the Series 2008 A Bonds in the aggregate principal amount of not more than $500,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2008 A Bonds prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; 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 and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

F. The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

H. It is in the best interests of the Issuer that the Series 2008 A Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of the PSC Order, the time for rehearing and appeal of which has expired or will have been waived prior to the issuance of the Series 2008 A Bonds.

Section 1.04. Resolution 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 Resolution 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 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $900,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and 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, which are in an amount and otherwise compatible with the financing plan submitted to the Government.

The cost of the Project is estimated to be $900,000, of which approximately $500,000 will be obtained from the proceeds of the Series 2008 A Bonds, approximately $294,100 will be obtained from a grant from the Government, approximately $100,000 will be obtained from a grant from the Grant County Commission, and approximately $5,900 will be obtained from a grant from the Grant County Development Authority.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2008 A Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2008 A (United States Department of Agriculture)," in the aggregate principal amount of not more than $500,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2008 A Bonds.

The Series 2008 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Bond form.

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Chairperson, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Transfer and Registration. The Series 2008 A Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, but the Bonds, and the right to principal of and

stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the 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 2008 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2008 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2008 A Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2008 A Bonds 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 Series 2008 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2008 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, 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. 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 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 Registered Owner's furnishing the Issuer proof of ownership and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled 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 3.06. 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 Registered Owner 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 thereon.

Section 3.07. 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 by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make the payments into all funds and accounts provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. 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
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $_____

FOR VALUE RECEIVED, on this ____ day of _____, 2007, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of __% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, 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 below. This consideration 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. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on March 25, 2008, and a Supplemental Resolution duly adopted by the Issuer on March 25, 2008 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1976, DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $350,000; (2) WATER REVENUE BONDS, SERIES 1984, DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $400,000; (3) WATER REVENUE BONDS, SERIES 1990, DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $209,000; (4) WATER REVENUE BONDS,

SERIES 1991, DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $600,000; (5)WATER REVENUE BONDS, SERIES 1993, DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $130,000; (6) WATER REVENUE BONDS, SERIES 1999, DATED MARCH 4, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,850,000; AND (7) WATER REVENUE BONDS, SERIES 2005 A, DATED JULY 28, 2005, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,833,369 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, 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 required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer

satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Resolution, 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 Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond 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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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 and interest on this Bond.

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

IN WITNESS WHEREOF, GRANT COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson 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.

_____

Chairperson

[SEAL]

ATTEST:

_____

Secretary

(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

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

_____

_____the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds. The Series 2008 A Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and the provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Depreciation Account (established by the Prior Resolutions); and

(4) Series 2008 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special account is created with and shall be held by the Commission:

(1) 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 Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities and as provided in the Prior Resolutions.

(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, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2008 A Bonds.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund, the amount of principal set forth in the Series 2008 A Bonds.

The deposits into the Series 2008 A Bonds Sinking Fund provided in this paragraph and in Section 5.03A (2) above, constitute actual payments of principal of and interest on the Series 2008 A Bonds to the Government.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the Commission 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, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Resolutions.

Moneys in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2008 A Bonds as the same shall become due. Moneys in the Series 2008 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2008 A Bonds as the same shall come due, when other moneys in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2008 A Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2008 A Bonds Construction Trust Fund during construction of the Project and thereafter, to the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2005A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance therein to an amount 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 respective sinking funds sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal, or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 A Bonds and the Prior 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 Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series 2008 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and the fees then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

D. The moneys 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.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All moneys received from time to time from the sale of the Series 2008 A Bonds shall be deposited in the Series 2008 A Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2008 A Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2008 A Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2008 A Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2008 A Bonds.

Expenditures or disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Registered Owner 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 the Series 2008 A Bonds or the interest thereon are 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 or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Registered Owner of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2008 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2008 A Bonds and to make the payments into all funds and accounts and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein and therein, to such payments as the same become due, and for the other purposes provided in this Resolution and the Prior Resolutions.

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 this Resolution and the Prior Resolutions. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the PSC Order and such rates are hereby adopted.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution. 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 Resolution, 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 Resolution.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. So long as the Series 2008 A Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of, or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government and such consent will specify the disposition of any such sale or transfer.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as the Series 2008 A Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Resolutions (so long as the Prior Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such 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 and in the Prior Resolutions 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 liens of the Series 2008 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Resolutions. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner provided herein and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds and the Series 2008 A Bonds.

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

So long as the Series 2008 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues 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 Registered Owners of the Series 2008 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2008 A Bonds are no longer Outstanding, the following parity requirement shall be met:

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

and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2008 A Bonds and the Registered Owners of any Parity Bonds 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 respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to

the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, 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 Resolution.

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 Government and its 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. The Issuer shall submit to the Government such documents and information as it 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 State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records 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.

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 Registered Owner of the Series 2008 A Bonds issued pursuant to this Resolution 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 in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body.

The Issuer shall file with the Government or any Registered Owner of the Series 2008 A Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds 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 said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2008 A Bonds and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Resolution and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions 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 Government and its 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 Government and its 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 Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2008 A Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have

been obtained 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 reductions 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 and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 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 that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2008 A Bonds Reserve Account, and the Reserve Accounts for obligations on a parity with 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 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. In any event, the Issuer shall not reduce the rates or charges for services of the System described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall annually, at least 30 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 Government within 30 days of the 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 Government and to any Registered Owner of the Series 2008 A 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 Government and any Registered Owner of the Series 2008 A Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain the certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the 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 Government, 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. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2008 A Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, 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 PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services or 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 PSC, fees, 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 of the PSC, discontinue and shut off the services of the System to all delinquent users of the services of the System, and will not restore such services of the System until all delinquent

charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that, so long as the Series 2008 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:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured prior to 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 insurable portions of the System, including machinery and equipment housed therein, 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 $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from the operation of the System.

(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 for the benefit of the Issuer, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) Workers' Compensation Coverage for All Employees of the System 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 contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System 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 required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; 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.

(G) Construction Bonds. 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. The Issuer shall verify such insurance prior to commencement of construction.

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

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and other state agencies necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2008 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Registered Owners 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, and shall take effect immediately upon delivery of the Series 2008 A Bonds; provided however, that the statutory mortgage lien in favor of the Registered Owners of the Series 2008 A Bonds shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.19. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, this Resolution and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government 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 7.20. Contracts. 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.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, 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 Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULTS 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:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2008 A Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Resolution, any Supplemental Resolution or 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 Government, the Depository Bank, the Bond Registrar, the Paying Agent or the Registered Owner; or

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

(D) If a default occurs under the Prior Resolutions or the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2008 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 this Resolution 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 at law or bill in equity enjoin any acts in violation of the resolution with respect to the Series 2008 A Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Registered Owners of the Series 2008 A Bonds shall be on a parity with those of the Registered Owners 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 this Resolution and the Act, including, the completion of the Project, 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 the Bonds, the Registered Owner 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, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, 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 the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for any 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 Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Registered Owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers herein above conferred upon him, 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 Bonds issued pursuant to this Resolution. Such receiver shall have no power to

sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Resolution, 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, 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 Registered Owners of the Series 2008 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledge of Net Revenues and other moneys and securities pledged under this Resolution 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 through direct payment of the entire outstanding principal of and all accrued interest on the Series 2008 A Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2008 A Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment of Resolution. Prior to the 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 then Outstanding; provided, that no change shall be made in the maturity of the Series 2008 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2008 A Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution 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 Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Series 2008 A Bonds.

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

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

Section 11.06. Covenant of Due Procedure. 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 Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred, and are, duly in office and duly qualified for such office.

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

Adopted this 25th day of March, 2008.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GRANT COUNTY PUBLIC SERVICE DISTRICT on the 25th day of March, 2008.

Dated this 25th day of March, 2008.

[SEAL]

Barbara Smith
Secretary

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of constructing a 300,000 – gallon water tank, water lines, and other facilities and appurtenances to provide water services in the Marysville area.

GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE GRANT COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Grant County Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on March 25, 2008 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF GRANT COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, in the aggregate principal amount not to exceed $500,000 (the "Bonds" or the "Series 2008 A Bonds"), all in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931,

as amended (the "Act"), and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, in the original aggregate principal amount of $500,000. The Series 2008 A Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Series 2008 A Bonds shall bear interest at the rate of 4.125% per annum. Monthly installments of interest only on the amounts advanced under the Series 2008 A Bonds are payable 30 days following the date of delivery of the Series 2008 A Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2008 A Bonds, and thereafter, monthly installments of principal of and interest on the Series 2008 A Bonds, in the aggregate amount of $2,175, are payable on the corresponding day of each month, except that the final installment on the Series 2008 A Bonds shall be paid at the end of 40 years from the date of the Series 2008 A Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2008 A Bonds are subject to prepayment as set forth in the Resolution and the Series 2008 A Bonds. All principal and interest payments on the Series 2008 A Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

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

Section 3. The Issuer hereby approves and accepts the Letter of Conditions and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates Summit Community Bank, Petersburg, West Virginia, to serve as the Depository Bank under the Resolution.

Section 5. The proceeds of the Bonds, as advanced from time to time, shall be deposited in the Series 2008 A Bonds Construction Trust Fund for payment of the costs of the Project and the costs of issuance of the Bonds and related costs.

Section 6. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about March 27, 2008.

Section 7. 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 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2008 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 9. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 25th day of March, 2008.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of GRANT COUNTY PUBLIC SERVICE DISTRICT on the 25th day of March, 2008.

Dated this 25th day of March, 2008.

[SEAL]

Barbara Lincoln

Secretary

NUMBER
AR-1

Specimen

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

$500,000

FOR VALUE RECEIVED, on this 27th day of March, 2008, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.125% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $2,175, 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 below. This consideration shall support any agreement modifying the foregoing schedule of payments.

 SPECIMEN

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. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on March 25, 2008, and a Supplemental Resolution duly adopted by the Issuer on March 25, 2008 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1976, DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF

$350,000; (2) WATER REVENUE BONDS, SERIES 1984, DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $400,000; (3) WATER REVENUE BONDS, SERIES 1990, DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $209,000; (4) WATER REVENUE BONDS, SERIES 1991, DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $600,000; (5)WATER REVENUE BONDS, SERIES 1993, DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $130,000; (6) WATER REVENUE BONDS, SERIES 1999, DATED MARCH 4, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,850,000; AND (7) WATER REVENUE BONDS, SERIES 2005 A, DATED JULY 28, 2005, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,833,369 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, 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 required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

NUMBER SPECIMEN

AR-1

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Resolution, 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 Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond 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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

AR-1

SPECIMEN

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 and interest on this Bond.

All provisions of the Resolution, 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.

AR-1

IN WITNESS WHEREOF, GRANT COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson 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.

Chairperson

SPECIMEN

SPECIMEN

[SEAL]

ATTEST:

Secretary

SPECIMEN

AR-1

(Form of) SPECIMEN

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

AR-1

(Form of)

ASSIGNMENT

SPECIMEN

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

_____

_____the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, ___.

_____

In the presence of:

_____

GRANT COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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SIGNATURES
CERTIFICATION
EXHIBIT A

GRANT COUNTY PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE BY THE GRANT COUNTY PUBLIC SERVICE DISTRICT OF $328,300 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GRANT 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. Grant 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 Grant County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the Issuer, consisting of extension of water service in the Deep Spring Road area, booster pump station and water tank near Rough Run and all necessary appurtenances, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer and at the costs estimated in Section 2.01 hereof.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of $328,300 (the "Series 2011 A Bonds"), to permanently finance 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, upon the Series 2011 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 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 2011 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 22 years.

F. It is in the best interests of the Issuer that its Series 2011 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. Upon issuance of the Series 2011 A Bonds, the Issuer will have the following outstanding obligations which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000 (the "Series 1976 Bonds"); (2) Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000 (the "Series 1984 Bonds"); (3) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original aggregate principal amount of $209,000 (the "Series 1990 Bonds"); (4) Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000 (the "Series 1991 Bonds"); (5) Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of $130,000 (the "Series 1993 Bonds"); (6) Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of $1,850,000 (the "Series 1999 Bonds"); (7) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369 (the "Series 2005 A Bonds"); and

(8) Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of $500,000 (the "Series 2008 A Bonds") (collectively, the "Prior Bonds"); and Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund),issued in the original aggregate principal amount of $115,000 (the "Series 2011 B Bonds"). The Series 2011 A Bonds and the Series 2011 B Bonds are collectively known as the "Series 2011 Bonds".

The Series 2011 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2011 A Bonds, the Issuer will obtain (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 consent of the Holders of the Prior Bonds to the issuance of the Series 2011 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, on the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2011 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 2011 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 2011 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 2011 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 2011 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 2011 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2011 A Bonds for all or a portion of the proceeds of the Series 2011 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 Geary Associates PLLC, Petersburg, 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 1.02G hereof to be a part of the cost of acquisition and construction of the Project.

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

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

"Depreciation Account" means the Depreciation Account continued by Section 5.01 hereof.

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

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

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

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

"Grants" means any grants that may be received 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 Grant County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 2011 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 2011 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net

Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2011 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2011 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1976 Bonds, the Series 1984 Bonds, the Series 1990 Bonds, the Series 1991 Bonds, the Series 1993 Bonds, the Series 1999 Bonds, the Series 2005 A Bonds and the Series 2008 A Bonds.

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

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

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

(a) Government Obligations;

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

payments from Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Replacement Reserve" means the Replacement Reserve continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2011 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2011 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

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

"Series 1976 Bonds" means the Issuer's Water Revenue Bonds, Series 1976 (United States Department of Agriculture), dated November 13, 1978, issued in the original aggregate principal amount of $350,000.

"Series 1984 Bonds" means the Issuer's Water Revenue Bonds, Series 1984 (United States Department of Agriculture), dated August 14, 1984, issued in the original aggregate principal amount of $400,000.

"Series 1990 Bonds" means the Issuer's Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated September 25, 1990, issued in the original aggregate principal amount of $209,000.

"Series 1991 Bonds" means the Issuer's Water Revenue Bonds, Series 1991 (United States Department of Agriculture), dated August 6, 1991, issued in the original aggregate principal amount of $600,000.

"Series 1993 Bonds" means the Issuer's Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of $130,000.

"Series 1999 Bonds" means the Issuer's Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of $1,850,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of $1,833,369.

"Series 2008 A Bonds" means the Issuer's Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of $500,000.

"Series 2011 Bonds" means collectively, the Series 2011 a Bonds and Series 2011 b Bonds.

"Series 2011 B Bonds" means the Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, authorized by the Series 2011 B Bonds Resolution.

"Series 2011 B Bonds Resolution" means the resolution authorizing the Series 2011 B Bonds.

"Series 2011 A Bonds" means the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2011 A Bonds Construction Trust Fund" means the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2011 A Bonds Reserve Account" means the Series 2011 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2011 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 2011 A Bonds in the then current or any succeeding year.

"Series 2011 A Bonds Sinking Fund" means the Series 2011 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2011 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 2011 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2011 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, 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 the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks systems from any sources whatsoever.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $954,702, 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 2011 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed $954,702 of which approximately $328,300 will be obtained from the proceeds of the Series 2011 A Bonds; $436,811 will be obtained as a grant from the United States Environmental Protection Agency; $105,059 will be obtained as a grant from The County Commission of Grant County and $84,532 will be as a contribution from the Issuer.

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 paying the Series 2011 A Bonds, capitalizing interest on the Series 2011 A Bonds, funding the Reserve Account for the Series 2011 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of

the Series 2011 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2011 A Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)," in the principal amount of $328,300, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2011 A Bonds, if any, shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2011 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable 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 2011 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2011 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 2011 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 2011 A Bonds. The Series 2011 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 have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 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 2011 A Bonds shall cease to be such officer of the Issuer before the Series 2011 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2011 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2011 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 2011 A Bond shall be valid or obligatory for any purpose or entitled to

any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 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 2011 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 2011 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2011 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2011 A Bonds or transferring the registered Series 2011 A Bonds are exercised, all Series 2011 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2011 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2011 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2011 A Bonds or, in the case of any proposed redemption of Series 2011 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such

Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2011 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 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds and the Series 2011 B Bonds. The payment of the debt service of the Series 2011 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Series 2011 B Bonds and the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2011 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2011 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2011 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2011 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2011 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 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 2011 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2011 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2011, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 with interest of 3% per annum payable quarterly 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.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 _____, 2011.

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

herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1976 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $350,000 (THE "SERIES 1976 BONDS"); (2) WATER REVENUE BONDS, SERIES 1984 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1984 BONDS"); (3) WATER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $209,000 (THE "SERIES 1990 BONDS"); (4) WATER REVENUE BONDS, SERIES 1991 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1991 BONDS"); (5) WATER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $130,000 (THE "SERIES 1993 BONDS"); (6) WATER REVENUE BONDS, SERIES 1999 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINICIPAL AMOUNT OF $1,850,000 (THE "SERIES 1999 BONDS"); (7) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRIGINA INFRASTRUCTURE FUND), DATED JULY 28, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,833,369 (THE "SERIES 2005 A BONDS"); AND (8) WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 27, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2008 A BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (9) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2011 B Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 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 2011 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 Series 2011 b Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 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 Series 2011 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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, GRANT COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: _____, 2011.

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 2011 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 a schedule, the form 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 Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Resolutions and continued hereby);

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

(3) Depreciation Account (established by the Prior Resolutions continued hereby);

(4) Series 2011 A Bonds Construction Trust 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 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 2007 A Bonds Sinking Fund (established by Prior Resolutions);

(4) Series 2007 A Bonds Reserve Account (established by Prior Resolutions);

(5) Series 2010 A Bonds Reserve Account (established by Prior Resolutions);

(6) Series 2011 B Bonds Sinking Fund (established by Series 2011 B Bond Resolution);

(7) Series 2011 B Bonds Reserve Account (established by Series 2011 B Bond Resolution);

(8) Series 2011 A Bonds Sinking Fund; and

(9) Series 2011 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

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

(2) The Issuer shall next, each month transfer from the Revenue Fund and simultaneously on or before the due date thereof remit: (i) to the National Finance Office the amounts required to pay interest on the Series 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds and Series 2008 A Bonds; (ii) to the Commission the amount required by the Series 2011 B Bond resolution to pay interest on the Series 2011 B Bonds; and (iii) to the Commission commencing 4 months prior to the first date of payment of interest of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and come due on the Series 2011 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required to pay principal of the Series 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds and Series 2008 A Bonds, as required by the Prior Resolutions; (ii) remit to the Commission the amounts required to pay principal of the Series 2005 A Bonds and the Series 2011 B Bonds as required by the Prior Resolutions and Series 2011 B Bond Resolution respectively; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 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 2011 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, each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, the amounts required by the Prior Resolutions and Series 2011 B Bonds Resolution for deposit in the respective Reserve Accounts for the Prior Bonds and Series 2011 B Bonds respectively; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, if not fully funded upon issuance of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 A Bonds Reserve Requirement, until the amount in the Series 2011 A Bonds Reserve Account equals the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 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 2011 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Resolutions and not in addition thereto) the amounts required by the Prior Resolutions and a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements

or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account as required by the Prior Resolutions.

Monies in the Series 2011 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2011 A Bonds as the same shall become due. Monies in the Series 2011 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 A Bonds as the same shall come due, when other monies in the Series 2011 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2011 A Bonds Sinking Fund and the Series 2011 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 2011 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 A Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2011 A Bonds Reserve Account which result in a reduction in the balance therein to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2011 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 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2011 A Bonds, the Series 2011 B Bonds and the Prior 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 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account 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 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 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 2011 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2011 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2011 A Bonds, there shall first be deposited with the Commission in the Series 2011 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 2011 A Bonds for the period commencing on the date of issuance of the Series 2011 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2011 A Bonds, there shall be deposited with the Commission in the Series 2011 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2011 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 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 2011 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 2011 A Bonds shall be applied as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2011 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer stating that:

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

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

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

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

The Issuer shall expend all proceeds of the Series 2011 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.

Pending such application, monies in the Series 2011 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2011 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 2011 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 2011 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 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to the Series 2011 B Bonds and the Prior Bonds. The payment of the debt service of the Series 2011 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Series 2011 B Bonds and 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 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges

shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered November 17, 2010 and Further Recommended Decision dated November 22, 2010 which became final on December 12, 2010 in Case No. 10-0953-PWD-CN, and such rates are hereby adopted.

So long as the Series 2011 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 2011 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2011 Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the holders of the Prior Bonds, 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 2011 A Bonds, immediately be remitted to the Commission for deposit in the Series 2011 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2011 A Bonds. Any balance remaining after the payment of the Series 2011 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 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 2011 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 2011 A Bonds, and the interest thereon upon any or all of the income and revenues of the System pledged for payment of the Series 2011 A Bonds and the interest thereon 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 Series 2011 B Bonds or 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 2011 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 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 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds or Series 2008 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 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 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds or Series 2008 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1976 Bonds, Series 1984 Bonds, Series 1990 Bonds, Series 1991 Bonds, Series 1993 Bonds, Series 1999 Bonds or Series 2008 A Bonds are no longer outstanding, the following requirement shall be met:

So long as the Series 2005 A Bonds or Series 2011 A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2011 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 2011 A Bonds.

So long as the Series 2005 A Bonds or Series 2011 A Bonds are outstanding no Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2011 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2011 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2011 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 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 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds, including the Series 2011 B Bonds and the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2011 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2011 A Bonds, including the Series 2011 B Bonds and 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 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds, including the Series 2011 B Bonds and the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans,

specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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 (the "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.

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

Section 7.15. Insurance and Construction Bonds.

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

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

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

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

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

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

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

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal

periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 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 2011 A Bonds and shall be on a parity with the Series 2011 B Bonds and 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 also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.21. Securities Laws Compliance. The Issuer 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 2011 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 2011 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 Council before expending any proceeds of the Series 2011 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; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2011 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 2011 A Bonds as a condition to issuance of the Series 2011 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 2011 A Bonds as may be necessary in order to maintain the status of the Series 2011 A Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, from which the proceeds of the Series 2011 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2011 A Bonds and, at any time, 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 2011 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2011 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 2011 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;

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

(4) If default occurs under the Prior Bonds or the Prior Resolutions; or

(5) If default occurs under the Series 2011 B Bonds or the Series 2011 B Bonds Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2011 A Bonds shall be on a parity with the Holders of the Series 2011 B Bonds and the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2011 A Bonds, the principal of and interest due or to become due thereon, if any, 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 2011 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 2011 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 2011 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 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 2011 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2011 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2011 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 2011 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 2011 A Bonds.

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

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

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

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

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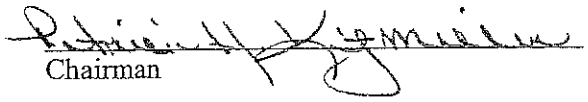
Adopted this 10th day of March, 2011.



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GRANT COUNTY PUBLIC SERVICE DISTRICT on the 10th day of March, 2011.

Dated: March 22, 2011.

[SEAL]

Secretary

02.17.11
349590.00001

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF GRANT COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Grant County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on March 10, 2011 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE BY THE DISTRICT OF $328,300 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $328,300 and has authorized the execution and delivery of the loan agreement

relating to the Series 2011 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GRANT 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 2011 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $328,300. The Series 2011 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2032, and shall bear interest at the rate of 3% per annum. The principal and interest of the Series 2011 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including June 1, 2032, 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 2011 A Bonds. The Series 2011 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2011 A Bonds.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate the Summit Community Bank, Petersburg, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2011 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2011 A Bond Proceeds in the amount of $-0- shall be deposited in the Series 2011 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2011 A Bonds shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about March 22, 2011, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof with proceeds of the Series 2011 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 10th day of March, 2011.

GRANT COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Grant County Public Service District on March 10, 2011.

Dated: March 22, 2011.

[SEAL]

Secretary

02.17.11
349590.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2011 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $328,300

KNOW ALL MEN BY THESE PRESENTS: That on this the 22nd day of March, 2011, GRANT COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Grant 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 THREE HUNDRED TWENTY EIGHT THOUSAND THREE HUNDRED DOLLARS ($328,300), 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 September 1, 2012, to and including June 1, 2032 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest of 3% per annum payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including June 1, 2032 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 March 22, 2011.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on March 10, 2011, and a Supplemental Resolution duly adopted by the Issuer on March 10, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1976 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 13, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $350,000 (THE "SERIES 1976 BONDS"); (2) WATER REVENUE BONDS, SERIES 1984 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 14, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1984 BONDS"); (3) WATER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 25, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $209,000 (THE "SERIES 1990 BONDS"); (4) WATER REVENUE BONDS, SERIES 1991 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 6, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1991 BONDS"); (5) WATER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 6, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $130,000 (THE "SERIES 1993 BONDS"); (6) WATER REVENUE BONDS, SERIES 1999 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINICIPAL AMOUNT OF $1,850,000 (THE "SERIES 1999 BONDS"); (7) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRIGINA INFRASTRUCTURE FUND), DATED JULY 28, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,833,369 (THE "SERIES 2005 A BONDS"); AND (8) WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 27, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2008 A BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (9) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 22, 2011, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $115,000 (THE "SERIES 2011 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2011 B Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 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 2011 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 Series 2011 b Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 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 Series 2011 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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, GRANT COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: March 22, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$9,750.34	03/22/11	(19)		
(2)			(20)		
(3)			(21)		
(4)			(22)		
(5)			(23)		
(6)			(24)		
(7)			(25)		
(8)			(26)		
(9)			(27)		
(10)			(28)		
(11)			(29)		
(12)			(30)		
(13)			(31)		
(14)			(32)		
(15)			(33)		
(16)			(34)		
(17)			(35)		
(18)			(36)		

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

$328,300

Grant County PSD

IF

3% Interest Rate

20 Years

Dated Date	3/22/2011
Delivery Date	3/22/2011

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2012	3,010	3.000%	2,462.25	5,472.25
12/1/2012	3,033	3.000%	2,439.68	5,472.68
3/1/2013	3,055	3.000%	2,416.93	5,471.93
6/1/2013	3,078	3.000%	2,394.02	5,472.02
9/1/2013	3,101	3.000%	2,370.93	5,471.93
12/1/2013	3,125	3.000%	2,347.67	5,472.67
3/1/2014	3,148	3.000%	2,324.24	5,472.24
6/1/2014	3,172	3.000%	2,300.63	5,472.63
9/1/2014	3,195	3.000%	2,276.84	5,471.84
12/1/2014	3,219	3.000%	2,252.87	5,471.87
3/1/2015	3,243	3.000%	2,228.73	5,471.73
6/1/2015	3,268	3.000%	2,204.41	5,472.41
9/1/2015	3,292	3.000%	2,179.90	5,471.90
12/1/2015	3,317	3.000%	2,155.21	5,472.21
3/1/2016	3,342	3.000%	2,130.33	5,472.33
6/1/2016	3,367	3.000%	2,105.27	5,472.27
9/1/2016	3,392	3.000%	2,080.01	5,472.01
12/1/2016	3,418	3.000%	2,054.57	5,472.57
3/1/2017	3,443	3.000%	2,028.94	5,471.94
6/1/2017	3,469	3.000%	2,003.12	5,472.12
9/1/2017	3,495	3.000%	1,977.10	5,472.10
12/1/2017	3,521	3.000%	1,950.89	5,471.89
3/1/2018	3,548	3.000%	1,924.48	5,472.48
6/1/2018	3,574	3.000%	1,897.87	5,471.87
9/1/2018	3,601	3.000%	1,871.06	5,472.06
12/1/2018	3,628	3.000%	1,844.06	5,472.06
3/1/2019	3,655	3.000%	1,816.85	5,471.85
6/1/2019	3,683	3.000%	1,789.43	5,472.43
9/1/2019	3,710	3.000%	1,761.81	5,471.81
12/1/2019	3,738	3.000%	1,733.99	5,471.99
3/1/2020	3,766	3.000%	1,705.95	5,471.95
6/1/2020	3,794	3.000%	1,677.71	5,471.71
9/1/2020	3,823	3.000%	1,649.25	5,472.25
12/1/2020	3,852	3.000%	1,620.58	5,472.58
3/1/2021	3,881	3.000%	1,591.69	5,472.69
6/1/2021	3,910	3.000%	1,562.58	5,472.58
9/1/2021	3,939	3.000%	1,533.26	5,472.26
12/1/2021	3,968	3.000%	1,503.71	5,471.71
3/1/2022	3,998	3.000%	1,473.95	5,471.95
6/1/2022	4,028	3.000%	1,443.97	5,471.97
9/1/2022	4,058	3.000%	1,413.76	5,471.76
12/1/2022	4,089	3.000%	1,383.32	5,472.32
3/1/2023	4,120	3.000%	1,352.66	5,472.66

BOND DEBT SERVICE

$328,300

Grant County PSD

IF

3% Interest Rate

20 Years

Period Ending	Principal	Coupon	Interest	Debt Service
6/1/2023	4,150	3.000%	1,321.76	5,471.76
9/1/2023	4,182	3.000%	1,290.63	5,472.63
12/1/2023	4,213	3.000%	1,259.27	5,472.27
3/1/2024	4,245	3.000%	1,227.67	5,472.67
6/1/2024	4,276	3.000%	1,195.83	5,471.83
9/1/2024	4,308	3.000%	1,163.76	5,471.76
12/1/2024	4,341	3.000%	1,131.45	5,472.45
3/1/2025	4,373	3.000%	1,098.89	5,471.89
6/1/2025	4,406	3.000%	1,066.10	5,472.10
9/1/2025	4,439	3.000%	1,033.05	5,472.05
12/1/2025	4,472	3.000%	999.76	5,471.76
3/1/2026	4,506	3.000%	966.22	5,472.22
6/1/2026	4,540	3.000%	932.42	5,472.42
9/1/2026	4,574	3.000%	898.37	5,472.37
12/1/2026	4,608	3.000%	864.07	5,472.07
3/1/2027	4,643	3.000%	829.51	5,472.51
6/1/2027	4,678	3.000%	794.69	5,472.69
9/1/2027	4,713	3.000%	759.60	5,472.60
12/1/2027	4,748	3.000%	724.25	5,472.25
3/1/2028	4,784	3.000%	688.64	5,472.64
6/1/2028	4,819	3.000%	652.76	5,471.76
9/1/2028	4,856	3.000%	616.62	5,472.62
12/1/2028	4,892	3.000%	580.20	5,472.20
3/1/2029	4,929	3.000%	543.51	5,472.51
6/1/2029	4,966	3.000%	506.54	5,472.54
9/1/2029	5,003	3.000%	469.30	5,472.30
12/1/2029	5,040	3.000%	431.78	5,471.78
3/1/2030	5,078	3.000%	393.98	5,471.98
6/1/2030	5,116	3.000%	355.89	5,471.89
9/1/2030	5,155	3.000%	317.52	5,472.52
12/1/2030	5,193	3.000%	278.86	5,471.86
3/1/2031	5,232	3.000%	239.91	5,471.91
6/1/2031	5,272	3.000%	200.67	5,472.67
9/1/2031	5,311	3.000%	161.13	5,472.13
12/1/2031	5,351	3.000%	121.30	5,472.30
3/1/2032	5,391	3.000%	81.17	5,472.17
6/1/2032	5,431	3.000%	40.73	5,471.73
	328,300		**109,474.29**	**437,774.29**

(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:

_____