

**GREEN VALLEY-GLENWOOD PUBLIC SERVICE
DISTRICT**

**Sewer Revenue Bonds, Series 2002 A
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)**

Date of Closing: January 4, 2002

BOND TRANSCRIPT

STEPTOE & JOHNSON PLLC

Vincent A. Collins, Esquire
3rd and Main Street
Bank One Center, Sixth Floor
Clarksburg, WV 26302
(304)624-8161
collinva@steptoe-johnson.com

John C. Stump, Esquire
707 Virginia Street, East
Bank One Center, Seventh Floor
Charleston, WV 25326
(304)353-8196
stumpjc@steptoe-johnson.com

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)**

BOND TRANSCRIPT

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)**

BOND RESOLUTION

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM AND ALL APPURTENANT FACILITIES OF THE DISTRICT, AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$950,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GREEN VALLEY-GLENWOOD 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. Green Valley-Glenwood Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Mercer County of said State, duly created pursuant to the Act by The County Commission of Mercer County.

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

A. The Issuer currently owns and operates a public sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing sewerage 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, or will acquire and construct, certain additions, improvements and extensions to the existing sewerage facilities of the Issuer, consisting of (i) upgrades to its existing wastewater treatment plant and existing collection Facilities, (ii) constructing certain collection facilities to serve customers in Bulltail Hollow and Ceres Hollow, and (iii) constructing an office in Mercer County, and all necessary appurtenant facilities in Mercer County, West Virginia (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is \$4,950,000, of which approximately \$2,800,000 will be obtained from the proceeds of sale of the Series 2002 A Bonds herein authorized, \$950,000 will be obtained from the proceeds of sale of the Series 2002 B Bonds herein authorized, and \$1,200,000 will be obtained from a grant from the Purchaser.

E. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), in the principal amount of \$2,800,000 (the "Series 2002 A Bonds") and its Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture), in the principal amount of \$950,000 (the "Series 2002 B Bonds") to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefore and for the improvements and extensions thereto; interest on the Series 2002 A Bonds and the Series 2002 B Bonds prior to, during and for six months after completion of such

acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the Project and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds and the Series 2002 B Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, Series 1987, dated May 20, 1987, issued in the original aggregate principal amount of \$1,952,000 (the "Series 1987 Bonds"), the Sewer Revenue Bonds, Series 1998 A, dated March 24, 1998, issued in the aggregate principal amount of \$540,000 (the "Series 1998 A Bonds"), and the Sewer Revenue Bonds, Series 1998 B, dated November 25, 1998, issued in the aggregate principal amount of \$317,500 (the "Series 1998 B Bonds"). The Series 1987 Bonds, the Series 1998 A Bonds and the Series 1998 B Bonds are hereinafter collectively referred to as the "Prior Bonds."

The Issuer has paid in full and discharged its Sewer Revenue Bond, Series 1964, dated April 1, 1964 (the "Series 1964 Bonds") on or about December 1, 2001. Therefore, the lien position of the Series 1987 Bonds, the Series 1998 A Bonds and the Series 1998 B Bonds has been upgraded from a second lien to a first lien, all on a parity with each other.

Prior to the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, the Issuer will obtain the written consent of the holders of the Prior Bonds to the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Series 2002 A Bonds and the Series 2002 B Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the Resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2002 A Bonds and the Series 2002 B Bonds be sold to the Purchaser pursuant to the terms and provisions of a Letter of Conditions dated September 10, 1998, and all amendments thereto, if any.

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, or will have so complied prior to issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 A Bonds and the Series 2002 B Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2002 A Bonds and the Series 2002 B Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

"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" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bonds" means, collectively, the Series 2002 A Bonds and the Series 2002 B Bonds and the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Pentree, Incorporated, Princeton, 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 First Community Bank of Mercer County, Inc., Princeton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Green Valley-Glenwood Public Service District, in Mercer County, West Virginia, and includes the Governing Body.

"Letters of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated September 10, 1998, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the 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 the Prior Bonds and into the other Reserve Funds and Depreciation Accounts have been made to the last monthly payment date prior to the date of such retention.

"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 Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional bonds issued under the provisions and with the limitations prescribed by Section 5.04 hereof.

"Prior Bonds" means, collectively, the Sewer Revenue Bonds, Series 1987, the Sewer Revenue Bonds, Series 1998 A and the Sewer Revenue Bonds, Series 1998 B, of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolution of the Issuer adopted May 14, 1987 (the "Series 1987 Resolution"), the resolution of the Issuer adopted March 24, 1998 (the "Series 1998 A Resolution"), and the resolution of the Issuer adopted November 19, 1998 (the "Series 1998 B Resolution").

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

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e)

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

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

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

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means, collectively, the Prior Resolutions and the Bond Legislation.

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

"Secretary" means the Secretary of the Governing Body.

"Series 1987 Bonds" means the outstanding Sewer Revenue Bonds, Series 1987, of the Issuer described in Section 1.02G hereof.

"Series 1987 Resolution" means the resolution of the Issuer adopted May 14, 1987, authorizing the Series 1987 Bonds.

"Series 1998 A Bonds" means the outstanding Sewer Revenue Bonds, Series 1998 A, of the Issuer described in Section 1.02G hereof.

"Series 1998 A Resolution" means the resolution of the Issuer adopted March 24, 1998, authorizing the Series 1998 A Bonds.

"Series 1998 B Bonds" means the outstanding Sewer Revenue Bonds, Series 1998 B, of the Issuer, described in Section 1.02G hereof.

"Series 1998 B Resolution" means the resolution of the Issuer adopted November 11, 1998, authorizing the Series 1998 B Bonds.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2002 A Bonds Reserve Account" means, the Reserve Account created by Section 4.02 hereof.

"Series 2002 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 2002 A Bonds in the then current or any succeeding year.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2002 B Bonds Reserve Account" means, the Reserve Account created by Section 4.02 hereof.

"Series 2002 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 2002 B Bonds in the then current or any succeeding year.

"System" means the complete sewerage system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$4,950,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds 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 Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2002 A Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture)" are hereby authorized to be issued in the principal amount of \$2,800,000 and the Series 2002 B Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture)" are hereby authorized to be issued in the principal amount of \$950,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2002 A Bonds shall be issued in single form, numbered AR-1, and shall be dated the date of delivery thereof and the Series 2002 B Bonds shall be issued in single form, numbered BR-1, and shall be dated the date of delivery thereof. The Series 2002 A Bonds and the Series 2002 B Bonds each shall bear interest from the date of delivery, payable monthly at the rate of 4.50% per annum, and shall be sold for the par value thereof.

The Series 2002 A Bonds and the Series 2002 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be and have all the qualities and incidents of a negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the right to principal of and stated interest on each series of Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2002 A Bonds and the Series 2002 B Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register both the Series 2002 A Bonds and the Series 2002 B Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2002 A Bonds or the Series 2002 B Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2002 A Bonds and the Series 2002 B Bonds for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 its National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Issuer before the Series 2002 A Bonds and the Series 2002 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. The Series 2002 A Bonds and the Series 2002 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2002 A Bonds or the Series 2002 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such

mutilated Bond or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2002 A Bonds or the Series 2002 B Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2002 A Bonds or the Series 2002 B Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2002 A Bonds and the Series 2002 B Bonds shall be secured forthwith by a 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 Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on and other payments on the Series 2002 A Bonds and the Series 2002 B Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2002 A Bonds and the Series 2002 B Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2002 A Bonds and the Series 2002 B Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 2002 A

\$2,800,000

No. AR-1

Date: _____, 2002

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$2,800,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$12,852, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage 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 Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2002, authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1987, DATED MAY 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,952,000 (THE "SERIES 1987 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1998 A, DATED MARCH 24, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1998 A BONDS"), (3) SEWER REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 25, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$317,500 (THE "SERIES 1998 B BONDS") (COLLECTIVELY, THE SERIES 1987 BONDS, THE SERIES 1998 A BONDS AND THE SERIES 1998 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS") AND (4) SEWER REVENUE BONDS, SERIES 2002 B, TO BE ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$950,000 (THE "SERIES 2002 B BONDS")

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 6099
(P. O. Box No. or Street Address)

Bluefield, West Virginia 24701-6099
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

(FORM OF BOND)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 2002 B

\$950,000

No. BR-1

Date: _____, 2002

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD 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 NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage 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 Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2002, authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1987, DATED MAY 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,952,000 (THE "SERIES 1987 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1998 A, DATED MARCH 24, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1998 A BONDS"), (3) SEWER REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 25, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$317,500 (THE "SERIES 1998 B BONDS") (COLLECTIVELY, THE SERIES 1987 BONDS, THE SERIES 1998 A BONDS AND THE SERIES 1998 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS") AND (4) SEWER REVENUE BONDS, SERIES 2002 A, TO BE ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,800,000 (THE "SERIES 2002 A BONDS")

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 6099
(P. O. Box No. or Street Address)

Bluefield, West Virginia 24701-6099
(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
(37) \$		(55) \$	
(38) \$		(56) \$	
(39) \$		(57) \$	
(40) \$		(58) \$	
(41) \$		(59) \$	
(42) \$		(60) \$	
(43) \$		(61) \$	
(44) \$		(62) \$	
(45) \$		(63) \$	
(46) \$		(64) \$	
(47) \$		(65) \$	
(48) \$		(66) \$	
(49) \$		(67) \$	
(50) \$		(68) \$	
(51) \$		(69) \$	
(52) \$		(70) \$	
(53) \$		(71) \$	
(54) \$		(72) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior 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) Series 1987 Bonds Reserve Fund (established by the Prior Resolutions);
- (3) Series 1998 A Bonds Reserve Fund (established by the Prior Resolutions);
- (4) Renewal and Replacement Fund (resulting from the combination of the Series 1998 A Bonds Depreciation Reserve Account and the Series 1998 B Bonds Depreciation Reserve Account, each established by the Prior Resolutions); and
- (5) Project Construction Account.

Section 4.02. 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 2002 A Bonds Reserve Account; and
- (2) Series 2002 B Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2002 A Bonds and the Series 2002 B Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2002 A Bonds and the Series 2002 B Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, 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 4.04. Covenants of the Issuer as to System Revenues and Funds.
So long as any of the Series 2002 A Bonds or the Series 2002 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account, as applicable, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2002 A Bonds or the Series 2002 B 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 the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolutions not otherwise modified or modified herein:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required by the Prior Resolutions to pay the interest on and the principal of the Series 1987 Bonds and the Series 1998 A Bonds; (ii) remit to the Commission the amounts required by the Prior Resolutions to pay the principal of the Series 1998 B Bonds; (iii) remit to the National Finance Office, beginning on February 4, 2002 and continuing on the 4th day of each month thereafter, the amounts required to pay the interest on the Series 2002 A Bonds until February 4, 2004, and commencing on February 4, 2004 and continuing on the 4th day of each month thereafter, the amounts required to amortize the principal of and interest on the Series 2002 A Bonds over the life of the Bond issue; and (iv) remit to the National Finance Office, beginning on February 4, 2002 and continuing on the 4th day of each month thereafter, the amounts required to pay the interest on the Series 2002 B Bonds until February 4, 2004, and commencing on February 4, 2004 and continuing on the 4th day of each month thereafter, the amounts required to amortize the principal of and interest on the Series 2002 B Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2002 A Bonds and the Series 2002 B Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the Series 1987 Bonds Reserve Account and the Series 1998 A Bonds Reserve Account; (ii) remit to the Commission the amount required by the Prior Resolutions to be deposited in the Series 1998 B Bonds Reserve Account; (iii) beginning on February 4, 2004 and continuing on the 4th day of each month thereafter, remit to the Commission for deposit into the Series 2002 A Bonds Reserve Account, an amount equal to $1/2$ of $1/120$ th of the Series 2002 A Bonds Reserve Requirement, until the amount in the Series 2002 A Bonds Reserve Account equals the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement.

Monies in the Series 2002 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2002 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2002 A Bonds, or for mandatory prepayment of the Series 2002 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2002 A Bond Reserve Account, so long as the Series 2002 A Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund; and (iv) beginning on February 4, 2004 and continuing on the 4th day of each month thereafter, remit to the Commission for deposit into the Series 2002 B Bonds Reserve Account, an amount equal to 1/2 of 1/120th of the Series 2002 B Bonds Reserve Requirement, until the amount in the Series 2002 B Bonds Reserve Account equals the Series 2002 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 B Bonds Reserve Requirement. Monies in the Series 2002 B Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2002 B Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2002 B Bonds, or for mandatory prepayment of the Series 2002 B Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2002 B Bond Reserve Account, so long as the Series 2002 B Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payment for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, 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.

(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, if any ("Surplus Revenues"), may be used first, to prepay the Series 1987 Bonds, the Series 1998 A Bonds, the Series 1998 B Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds, pro rata, or for any lawful purpose.

Whenever the moneys in the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account shall be sufficient to prepay the Series 2002 A Bonds or the Series 2002 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2002 A Bonds or the Series 2002 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account as herein provided, and all amounts required for the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said respective accounts shall be automatically debited from the Reserve Fund and electronically transferred to the Commission on the dates required hereunder.

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 reserve account payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written instructions stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Reserve Account and the Renewal and Replacement Fund 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 respective Bonds and the interest thereon.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Principal, interest or reserve payments, whether made for deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2002 A Bonds, the Series 2002 B Bonds and the Prior Bonds, in accordance with the respective principal amounts then outstanding.

Subject to the Prior Resolutions, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Reserve Account and the Renewal and Replacement Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from moneys in the respective Reserve Accounts, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2002 A Bonds and the Series 2002 B Bonds, provide evidence that there will be at least 3,252 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

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

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

Section 4.05. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2002 A Bonds and the Series 2002 B Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$2,000,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2002 A Bonds and the Series 2002 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2002 A Bonds or the Series 2002 B Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2002 A Bonds or the Series 2002 B 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, 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 120% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues senior to or on a parity with the Series 2002 A Bonds and the Series 2002 B Bonds, including the Prior Bonds.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding;
- (3) The Parity Bonds than proposed to be issued.

So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no additional

parity bonds or obligations payable out of any of the Revenues of the System shall be issued after the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Purchaser. The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2002 A Bonds and the Series 2002 B Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the 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 System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2002 A Bonds and Series 2002 B Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2002 A Bonds and the Series 2002 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby

recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2002 A Bonds and the Series 2002 B Bonds on a parity with the statutory mortgage 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 Series 2002 A Bonds and the Series 2002 B Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2002 A Bonds and the Series 2002 B Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body,

agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on October 12, 2002, Case No. 00-0399-PSD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2002 A Bonds and the Series 2002 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Legislation, then with respect to the Series 2002 A Bonds and the Series 2002 B Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2002 A Bonds and the Series 2002 B Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of the Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2002 A Bonds and the Series 2002 B Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2002 A Bonds and the Series 2002 B Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior 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 RUS 442-47).

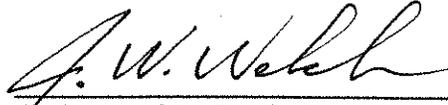
Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and

shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: January 2, 2002.



Chairman of the Public Service Board

CERTIFICATION

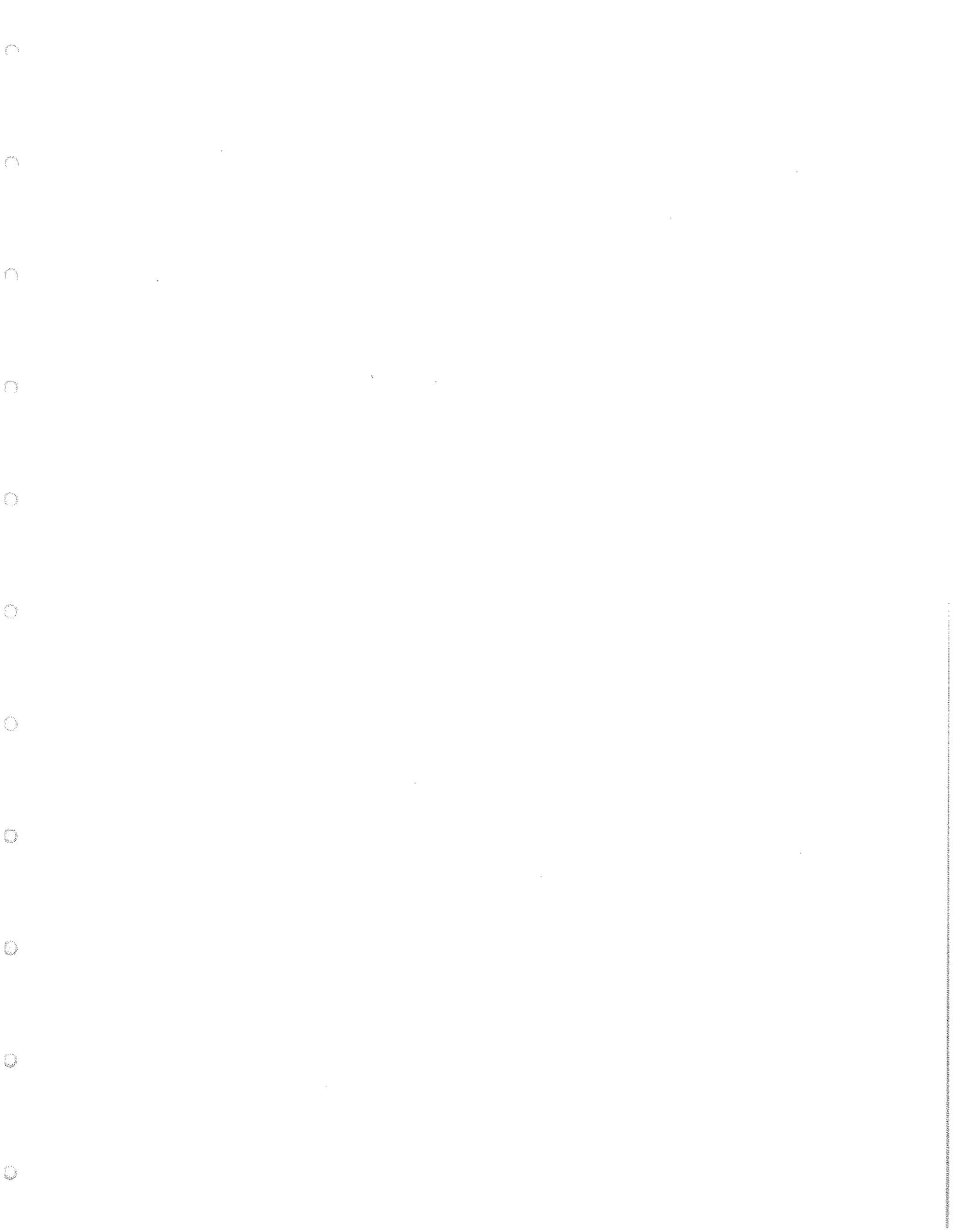
Certified a true copy of a Resolution duly adopted by the Public Service Board of GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT on the 2nd day of January, 2002.

Dated: January 4, 2002.

[SEAL]


Secretary, Public Service Board

12/04/01
354550/98004



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09/16/85
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GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS
AND

SEWERAGE SYSTEM BOND AND GRANT ANTICIPATION NOTES, SERIES 1985

RESOLUTION AUTHORIZING THE ISSUANCE OF \$1,952,000 SEWER REVENUE BOND, SERIES 1987, OF GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT JUNIOR AND SUBORDINATE TO THE DISTRICT'S OUTSTANDING 1964 BONDS, AND AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES AND GRANT ANTICIPATION NOTES OF THE DISTRICT TO FINANCE CONSTRUCTION AND ACQUISITION OF PUBLIC SEWERAGE FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND AND THE NOTES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any resolutions supplemental hereto, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. Green Valley - Glenwood Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Mercer County, West Virginia.

B. The Issuer presently owns and operates a public sewerage system, but it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain improvements, extensions and additions to the

existing sewer facilities of the Issuer (the "Project") which constitute properties for the collection of liquid or solid wastes, sewage or industrial wastes (the existing sewer facilities, together with the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$7,220,492, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Secretary of the Public Service Board (the "Governing Body") of the Issuer.

C. The estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all debt service, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bond in the principal amount of not more than \$1,952,000 (the "Bond" or "Bonds"), and prior to the issuance thereof, to issue its Sewerage System Bond Anticipation Notes, Series 1985 (the "BAN"), in the principal amount of not more than \$1,952,000 and Sewerage System Grant Anticipation Notes, Series 1985 (the "GAN"), in the principal amount of not more than \$1,565,000 (the BAN and the GAN collectively referred to herein as the "Notes") to finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes and the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted; provided, that reimbursement to the Issuer for any amounts expended by it for allowable Costs prior to the issuance of the Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project.

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

F. It is in the best interests of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser") pursuant to the terms and provisions of a letter of conditions dated March 20, 1984 (the "Letter of Conditions").

G. There are outstanding obligations of the Issuer which will rank prior and superior to the Bonds and (to the extent the Notes may be payable from the Net Revenues, as hereinafter defined) the Notes as to lien and source of and security for payment, being the Sewer Revenue Bonds dated April 1, 1964, originally issued in the aggregate principal amount of \$680,000 and presumed to be held by the general public (the "1964 Bonds"). The Issuer is permitted, under the resolution authorizing issuance of the 1964 Bonds (the "1964 Resolution") to issue bonds, notes or other obligations junior and subordinate as to lien on and source and security for payment from the Net Revenues, and in all other respects, to the 1964 Bonds.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired, and the posting, publication and making available a petition for persons opposed to the Issuer's borrowing money or issuing revenue bonds to sign, all in accordance with the Act.

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

Section 1.04. Compliance with Requirements of 1964 Resolution. The issuance of the Bond junior and subordinate to the 1964 Bonds and issuance of the Notes, are permitted under the 1964 Resolution.

Section 1.05. 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 and in effect on the date of adoption hereof.

"Authorized Officer" means the Chairman of the Public Service Board of Green Valley - Glenwood Public Service District or any acting Chairman duly appointed by the Governing Body.

"BAN" means not more than \$1,952,000, in aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1987, originally authorized hereby, and, unless the context clearly indicates otherwise, the term "BAN" includes any refunding bond anticipation note or notes of the Issuer.

"Bond" or "Bonds" means the Sewer Revenue Bond, Series 1987, authorized hereby to be issued, and any bonds on a parity therewith authorized to be issued hereunder.

"1964 Bonds" means the 1964 Bonds described in Section 1.02G hereof.

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

"Bond Registrar" means the Issuer or such other registrar for the Bond as the Issuer shall designate by resolution supplemental hereto or amendatory hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Pentree, Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from Environmental Protection Agency pursuant to the commitment therefor.

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

"GAN" means the not more than \$1,565,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1985, originally authorized hereby, and unless the context clearly indicates otherwise, the term "GAN" includes any refunding grant anticipation note or notes of the Issuer.

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

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

"Grant" or "Grants" means, the EPA Grant and any other grants which may be obtained in aid of construction of the Project.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant.

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

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means the person in whose name such Bond is registered.

"Issuer" means Green Valley - Glenwood Public Service District and includes the Governing Body.

"Letter of Conditions" means the letter of conditions of the Purchaser dated March 20, 1984.

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

"Notes" means collectively the BAN and the GAN.

"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 fiscal agents, the Registrar, Paying Agent and the Trustee (all as hereinafter 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 Bond or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Notes Purchaser" means Scott & Stringfellow, Lynchburg, Virginia.

"Outstanding," when used with reference to bonds or the Notes and as of any particular date, describes all bonds theretofore and thereupon being delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any bond or Note cancelled by the registrar thereof at or prior to said date; (ii) any bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any bond or Note deemed to have been paid as provided in Article VIII hereof or Article VIII of the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any bonds or Notes held by the Issuer.

"Paying Agent" means the bank designated as such in the Indenture.

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

"Purchaser" means, with respect to the Bond, 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) 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; Federal Land Banks; Government National Mortgage Association; or Tennessee Valley Authority;

(c) 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;

(d) 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;

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

(f) 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 paid 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; and

(g) The Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution.

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

"Registrar" means the bank designated as such in the Indenture.

"Secretary" means the Secretary of the Governing Body.

"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 Notes.

"System" means the complete properties of the Issuer for the collection and treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"Trustee" means the banking institution designated as such in the Supplemental Resolution and its successors and assigns.

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 OF CONSTRUCTION
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$7,220,492, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bond hereby authorized shall be applied as provided in Article IV of the Indenture and Article VI hereof, respectively.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1987," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Million Nine Hundred Fifty-two Thousand Dollars (\$1,952,000) for the purpose of refunding the BAN, the proceeds of which are to be used to finance a portion of the Costs of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from date, payable monthly at the rate of nine and one-half percent (9 1/2%) per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. The Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Bond Registrar. The Issuer 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 Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Bond Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of 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 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.

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be cancelled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Subordinate Pledge of Net Revenues; Not to be Indebtedness of the Issuer. 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 described, subject and subordinate to the prior liens thereon in favor of the holders of the 1964 Bonds. The remaining 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; but subject and subordinate to the pledge in favor the holders of the 1964 Bonds. The Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. 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)

SEWER REVENUE BOND, SERIES 1987

GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT

\$1,952,000

No. R-1

Date: May 20, 1987

FOR VALUE RECEIVED, GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT (herein called the "Issuer") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Million Nine Hundred fifty-two Thousand Dollars (\$1,952,000), plus interest on the unpaid principal balance at the rate of nine and one-half percent (9 1/2%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and \$15,909, 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, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the 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 the Issuer. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the

installments last to become due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

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

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

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

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

This Bond is issued to refund the Sewerage System Bond Anticipation Notes, Series 1985, of the Issuer (the "Notes") issued to finance a portion of the costs of acquisition and construction of additions and improvements for the existing sewage treatment facilities of the Issuer, and 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 and improvements for the sewerage

system (the "System") of the Borrower, and subject to the prior lien of the 1964 Bonds described below, 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, nor shall the Issuer be obligated to pay the same or the interest thereon except from the special fund so provided.

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

This Bond, under the provisions of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act"), and with a Resolution of the Issuer duly adopted (the "Bond Legislation").

This Bond shall be exempt from personal income taxes imposed directly thereon by the State of West Virginia and the other taxing bodies of the State.

This Bond is subject and subordinate as to liens and source of and security for payment, and in all other respects, to the 1964 Bonds described in the Bond Legislation.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT has caused this Bond to be executed by the Chairman of its public service board and its corporate seal to be hereunto affixed or imprinted hereon and attested by the Secretary of its public service board, all as of this 20th day of May, 1987.

GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Route 6, Box 14
(P.O. Box No. or Street Address)

Princeton, West Virginia 24740
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ <u> </u>

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Bond Registrar)

Date of Registration	In Whose Name Registered	Signature of Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE IV

NOTES

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending the delivery of the Bond to the Purchaser, the Issuer may issue and sell its BAN in the aggregate principal amount of not to exceed \$1,952,000; and in order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its GAN in the aggregate principal amount of not to exceed \$1,565,000. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and the Supplemental Resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture (which Indenture in substantially the form to be executed and delivered by the Issuer is attached hereto as "Exhibit A" and made a part hereof).

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

ARTICLE V

BOND PROCEEDS: SYSTEM REVENUES
AND APPLICATION THEREOF

Section 5.01. Application of Bond Proceeds. The moneys received from the sale of the Bond shall be deposited with the Trustee and applied to payment of the BAN as set forth in the Indenture.

Section 5.02. Covenants of the Issuer as to System Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, 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 (the "Bank"), which is a member or FDIC, which Fund, known as the "Revenue Fund" was initially established by the 1964 Resolution and is hereby continued. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

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

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

(ii) The Issuer shall next, so long as the 1964 Bonds or any portion thereof shall be Outstanding, on or before the due date thereof, make all payments in accordance with the provisions of the 1964 Ordinance, including payments into the Sinking Fund, Reserve Account and Depreciation Account described therein.

(iii) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(iv) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12 of 1/10 of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of \$190,910, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(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 required to be retained therein ("Surplus Revenues") may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

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

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

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the various funds and accounts described herein and in the 1964 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

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

(D) USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 1964 bona fide users upon the System on completion of the Project, and must obtain a \$50.00 user's contribution from each such new user and deposit in the Project Construction Account all such user contributions collected.

ARTICLE VI

GENERAL COVENANTS

Section 6.01. 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 6.02. 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 Gross Revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 130% of the annual debt service on the 1964 Bonds and the Bond, and to make the payments required to be made into the various funds and accounts established herein and in the 1964 Resolution 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 6.03. 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 6.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser, and unless such bonds are to be junior and subordinate to the 1964 Bonds, without meeting the requirements for issuance of parity bonds as set forth in the 1964 Resolution.

Section 6.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the

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

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workers' Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said

County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(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 Recording Officer, 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 6.06. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 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 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 Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 6.07. 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 Recording Officer on the date of adoption hereof, subject to permitted changes.

Section 6.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and 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 6.09. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 6.10. 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 6.11. 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 charges the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.12. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, shall connection with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 6.13. Investments. Any moneys held as a part of the funds and accounts created by this Resolution or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the the Trustee or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in Qualified Investments to the fullest extent possible under applicable laws, this Resolution, and the Indenture, the need for such moneys for the purposes set forth herein and in the Indenture and the specific restrictions and provisions set forth in this Section 6.13 and in the Indenture.

Except as provided in the Indenture, 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. The Trustee or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 6.14. Concerning Arbitrage. The proceeds of sale of the Bond and the Notes 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.

Section 6.15. 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 set forth in the order of the Public Service Commission of West Virginia entered May 15, 1985.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. 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.

D. 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

which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

E. 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.

Section 6.16. 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 which shall take effect as to the Bond immediately upon delivery, subject and subordinate, however, to the statutory mortgage lien in favor of the holders of the 1964 bonds.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. A. The "Events of Default" with respect to the Notes shall be as set forth and described in Article VI of the Indenture.

B. Each of the following events shall constitute an "Event of Default" with respect to the Bond:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bond set forth in the Bond Legislation, the Indenture or in the Bond, 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 Purchaser, any bank or banking association holding any fund or account hereunder or any other Holder of the 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.

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a BAN, GAN or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, (iii) bring suit upon the BAN, GAN or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the BAN, GAN or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the BAN, GAN or Bonds, or the rights of such Registered Owners.

Section 7.03. Appointment of Receiver. Any Registered Owner of the Bond may, by proper legal action, compel the

performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bond any Registered Owner of the Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond 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 the Bond Legislation and the Act.

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

Whenever all that is due upon the Bond and interest thereon and under any covenants of for Reserve, Depreciation 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 the 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 the Bond 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 Owner of the Bond. 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 Owner of the Bond and the curing and making good of any Event of Default with respect thereto under the provisions of the Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of the Bond and Notes, the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in the Bond Legislation and the Indenture, then the respective pledges of Net Revenues, Bond proceeds and Grant Receipts, and other moneys and securities pledged under the Bond Legislation and the Indenture and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Bond, BAN or GAN, as the case may be, shall thereupon cease, terminate and become void and be discharged and satisfied.

Notes for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Notes shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Notes shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with or the Trustee at the same time, shall be sufficient, to pay when due the respective principal of and interest due and to become due on Notes on and prior to the maturity dates thereof.

Section 8.02. Amendment or Modification of Bond Legislation. 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 Registered Owners of BAN, GAN or Bond shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the BAN, GAN or Bond so affected and then outstanding; provided, that no change shall be made in the maturity of the Bond or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the

principal amount of Bond or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 8.03. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bond and Notes, and no change, variation or alteration of any kind of the provisions of the shall be made in any manner, except as in the Bond Legislation provided.

Section 8.04. Severability of Invalid Provisions. If any section, paragraph, clause or provision of the Bond Legislation should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Bond Legislation, the Indenture, the Bond or the Notes.

Section 8.05. 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 8.06. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 8.07. Delivery of Bond No. R-1. The Chairman and Secretary 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 8.08. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond or the Notes.

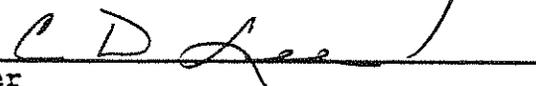
Section 8.09. Prior Resolutions; Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) or to the 1964 Resolution.

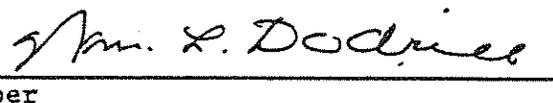
Section 8.10. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 8.11. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: October 18, 1985.


Chairman, Public Service Board


Member


Member

10/14/85
ALLY2-C

GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1987

SUPPLEMENTAL AND AMENDATORY RESOLUTION

SUPPLEMENTAL AND AMENDATORY RESOLUTION PROVIDING AS TO INTEREST RATE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 OF GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT; DESIGNATING A REGISTRAR AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS RELATING TO THE INTERNAL REVENUE CODE OF 1986

WHEREAS, the public service board (the "Governing Body") of Green Valley - Glenwood Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective October 18, 1985 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE OF \$1,952,000 SEWER REVENUE BOND, SERIES 1987, OF GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT JUNIOR AND SUBORDINATE TO THE DISTRICT'S OUTSTANDING 1964 BONDS, AND AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES AND GRANT ANTICIPATION NOTES OF THE DISTRICT TO FINANCE CONSTRUCTION AND ACQUISITION OF PUBLIC SEWERAGE FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND AND THE NOTES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of \$1,952,000, to be issued as a single bond, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the interest rate of the Bonds shall be 9 ~~1~~2% per annum, and that the monthly payments of principal of and interest on the Bonds shall be \$15,909;

WHEREAS, the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), has agreed to purchase the Bonds and has further agreed to a reduction in the interest rate on the Bonds from 9 1/2% to 6 1/2% per annum, and a corresponding reduction in the monthly payments on the Bonds from \$15,909 to \$11,576;

WHEREAS, subsequent to adoption of the Bond Resolution the Internal Revenue Code of 1986 has been enacted into law and said Internal Revenue Code of 1986 contains numerous provisions which affect the tax-exempt status of the Bonds, and it is necessary for the Issuer to make certain covenants in addition to those contained in the Bond Resolution to ensure the continued tax-exempt status of interest on the Bonds;

WHEREAS, the Bonds have not yet been issued, but are expected to be issued on May 20, 1987, one day prior to the maturity date of the Issuer's Sewerage System Bond Anticipation Notes, Series 1985 (the "Notes"), and the entire proceeds of the Bonds are to be applied to payment of the principal of the Notes; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental and amendatory resolution (the "Supplemental and Amendatory Resolution") be adopted and that the Bonds be issued and sold to the Purchaser, that the the interest rate and monthly payment amount of the Bonds be changed 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 GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental and Amendatory Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1987, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$1,952,000. The Bonds shall be dated the date of delivery thereof, shall finally mature 40 years from the date thereof and shall bear interest at the rate of 6 1/2% per annum, payable in monthly installments of interest only, commencing 30 days following delivery of the Bonds and continuing on the corresponding day of each month for the first 24 months after the date thereof and \$11,576 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

after the date of the Bonds, and except that prepayments may be made in accordance with the provision set forth in the Bonds.

Section 2. All references in the Bond Resolution or the form of Bond set forth therein to the interest rate or payment amount on the Bonds shall be changed from "9 1/2%" to "6 1/2%" and from "\$15,909" to "11,576," respectively.

Section 3. 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 4. The Issuer does hereby appoint and designate itself as Registrar and Paying Agent for the Bonds and the performance by the Issuer of the duties of Registrar and Paying Agent are hereby authorized, approved and directed.

Section 5. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about May 20, 1987, to the Purchaser.

Section 6. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 7. The Issuer hereby determines that it is in its best interest to invest or cause to be invested all moneys in the funds and accounts established by the Bond Resolution in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Bank holding the Revenue Fund to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

Section 8. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 9. Rebates of Excess Arbitrage Earnings. The Issuer covenants to make all rebate calculations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations. In the event of a failure to pay such amounts, the Issuer will pay to the United States a penalty in an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. The Issuer shall make, or cause to be made, an annual computation of such yield and amounts, and shall maintain and provide the Purchaser with appropriate records of such computations. In order to provide for the administration of this Section, the Issuer may provide for employment of independent attorneys, accountants and consultants with reasonable compensation, as the Issuer may designate.

Section 10.. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bond is used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bond during the term thereof is, under the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bond during the term thereof is, under the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bond is for the purpose of more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bond are used, directly or indirectly, to make or finance a loan

(other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

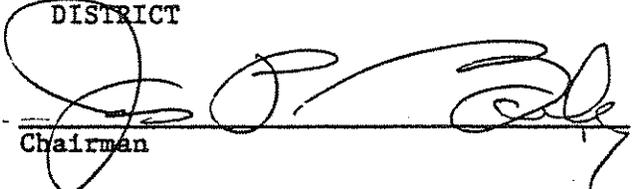
C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

Section 11. This Supplemental and Amendatory Resolution shall be effective immediately following adoption hereof.

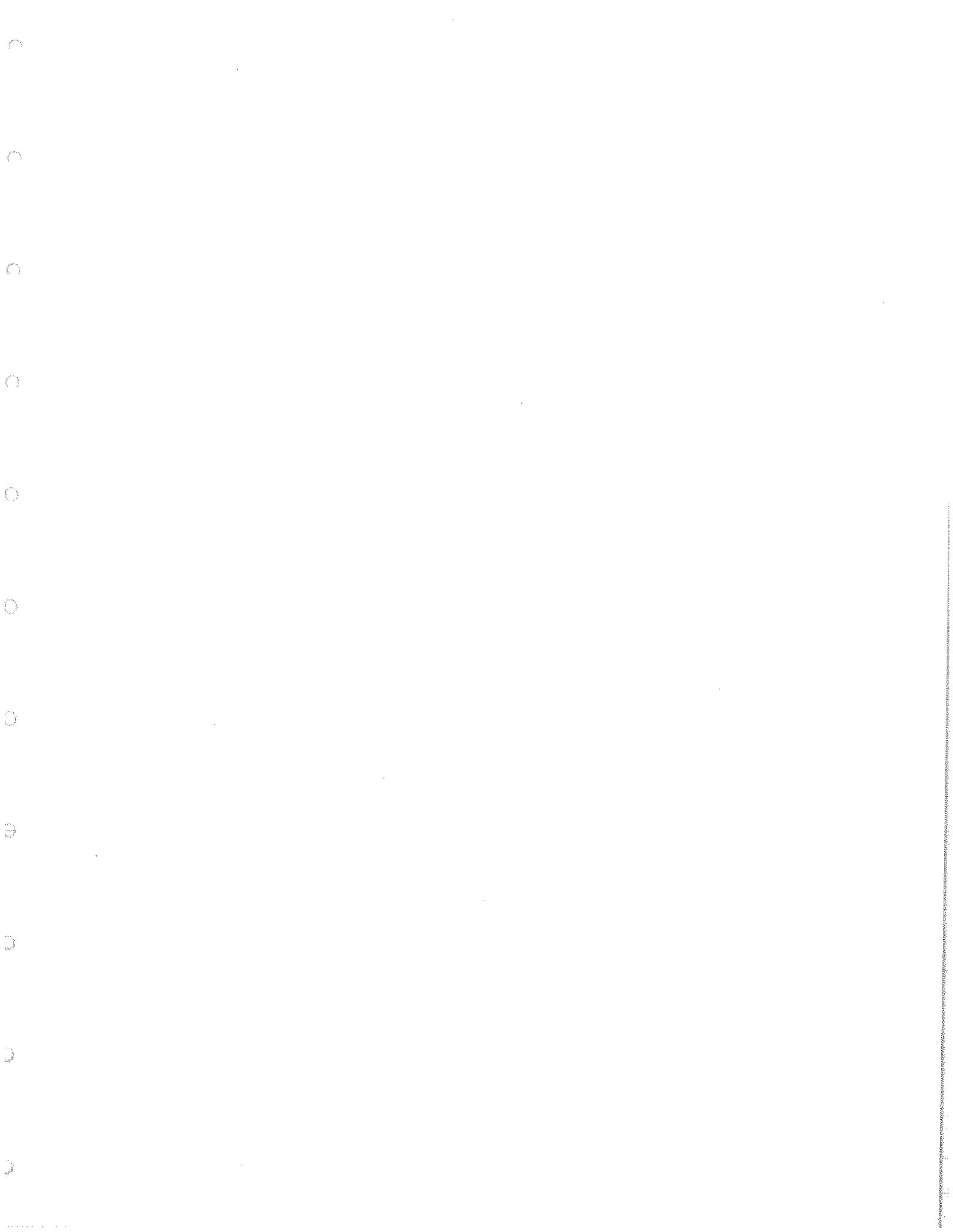
Adopted this 14th day of May, 1987.

GREEN VALLEY - GLENWOOD PUBLIC SERVICE
DISTRICT



Chairman

05/20/87
VALLY4-C



GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1998 A

BOND RESOLUTION

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$540,000 SEWER REVENUE BOND, SERIES 1998 A, OF GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, JUNIOR AND SUBORDINATE TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1964, AND ON A PARITY WITH THE OUTSTANDING SEWER REVENUE BOND, SERIES 1987, OF THE DISTRICT, TO PERMANENTLY FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM AND ALL APPURTENANT FACILITIES 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 GREEN VALLEY-GLENWOOD 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. Green Valley-Glenwood Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Mercer County of said State, duly created pursuant to the Act by The County Commission of Mercer County.

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

A. The Issuer currently owns and operates a public sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing sewerage

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, the Issuer either has acquired and constructed, or will acquire and construct, certain improvements and extensions to the existing sewerage facilities of the Issuer, consisting of a 2.0 meter sewage belt press, and all necessary appurtenant facilities in Mercer County, West Virginia (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 has temporarily financed a portion of the costs of acquisition and construction of the Project through a certain interim loan from First Century Bank, Bluefield, West Virginia, which financing was approved by the Public Service Commission of West Virginia by Final Order dated April 21, 1996. The Issuer now desires and hereby authorizes and orders the permanent financing of the Costs of the Project, as hereinafter defined. The existing sewerage facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The cost of the acquisition and construction of the Project is \$540,000, of which the entire amount will be obtained from the proceeds of sale of the Bond herein authorized.

E. The Issuer has temporarily financed a portion of the costs of acquisition and construction of the Project through a certain interim loan from First Century Bank, Bluefield, West Virginia, which financing was approved by the Public Service Commission of West Virginia by Final Order dated April 21, 1996. The Issuer now desires and hereby authorizes and orders the permanent financing of the Costs of the Project, as hereinafter defined. It is necessary for the Issuer to issue the Bond in the principal amount of \$540,000 to permanently finance the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of paying off the principal balance of, and accrued interest on, that certain note of the Issuer held by First Century Bank, Bluefield; 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 either senior and prior to, or on a parity with, the Bond as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, dated April 1, 1964, issued in the original aggregate principal amount of \$680,000 (the "Series 1964 Bonds"), held by the public, and the Sewer Revenue Bond, Series 1987, dated May 20, 1987, issued in the original aggregate principal amount of \$1,952,000 (the "Series 1987 Bonds"), held by the Purchaser. The Series 1964 Bonds and the Series 1987 Bonds are hereinafter collectively called the "Prior Bonds." The Bond shall be issued junior and subordinate to the Series 1964 Bonds, and on a parity with the Series 1987 Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, the Prior Resolutions (hereinafter defined) or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated March 25, 1997, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia

by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

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

"Bond" means the Sewer Revenue Bond, Series 1998 A, authorized hereby.

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

"Bonds" means, collectively, the Bond and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Pentree, Incorporated, Princeton, 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 First Community Bank, Princeton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Green Valley-Glenwood Public Service District, in Mercer County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated March 25, 1997, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year.

"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 Series 1964 Bonds, the Series 1987 Bonds and the Series 1998 A Bonds and into the other Funds provided for herein have been made to the last monthly payment date prior to the date Series 1998 A Bonds such retention.

"Prior Bonds" means, collectively, the Series 1964 Bonds and the Series 1987 Bonds.

"Prior Resolutions" means, collectively, the Series 1964 Resolution and the Series 1987 Resolution.

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

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

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

- (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 Series 1964 Resolution, the Series 1987 Resolution and the Bond Legislation.

"Series 1964 Bonds" means the outstanding Sewer Revenue Bonds, Series 1964, of the Issuer described in Section 1.02G hereof.

"1964 Resolution" means the resolution of the Issuer adopted April 10, 1964, authorizing the Series 1964 Bond.

"Series 1987 Bonds" means the outstanding Sewer Revenue Bond, Series 1987, of the Issuer described in Section 1.02G hereof.

"1987 Resolution" means the resolution of the Issuer adopted October 18, 1985, authorizing the Series 1987 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 sewerage system of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage works 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; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the permanent financing of the acquisition and construction of the Project, at an estimated cost of \$540,000, 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 "Sewer Revenue Bond, Series 1998 A," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$540,000 for the purpose of financing 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 AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.50% 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 of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be its National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a second lien on the Net Revenues derived from the System, junior and subordinate to the Series 1964 Bonds, and on a parity with the Series 1987 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 becomes due, all junior and subordinate to the pledge in favor of the Series 1964 Bonds and on a parity with the pledge in favor of the Series 1987 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 by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 1998 A

\$540,000

No. AR-1

Date: _____

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD 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 FIVE HUNDRED FORTY THOUSAND DOLLARS (\$540,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of \$_____ commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage 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 duly adopted authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1964, DESCRIBED IN SAID RESOLUTION, AND ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1987, DESCRIBED IN SAID RESOLUTION.

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board

(Title of Executive Official)

Route 6, Box 14

(P. O. Box No. or Street Address)

Princeton, West Virginia 24240

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board

(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by 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 (established by the Prior Resolutions and continued hereby);
- (2) Series 1987 Bonds Reserve Fund (established by the Prior Resolutions as the "Reserve Fund" and continued hereby as the "Series 1987 Bonds Reserve Fund");
- (3) Series 1998 A Bonds Reserve Fund;
- (4) Series 1964 Bonds Depreciation Account (established by the Prior Resolutions as the "Depreciation Account" and continued hereby as the "Series 1964 Bonds Depreciation Account");
- (5) Series 1998 A Bonds Depreciation Reserve Account; and
- (6) Project Construction Account.

Section 4.02. Establishment of Funds and Accounts with Commission. 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 Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1964 Bonds Sinking Fund (established by the Prior Resolutions);
and
- (2) Within the Series 1964 Bonds Sinking Fund, the Series 1964 Bonds Reserve Account (established by the Prior Resolutions).

Section 4.03. 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 4.03, 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 4.04. 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 the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolutions not previously modified or modified herein:

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

(2) The Issuer shall next, so long as the Series 1964 Bonds or any portion thereof shall be Outstanding, on or before the due date thereof, make all payments in accordance with the provisions of the 1964 Resolution, including payments into the Series 1964 Bonds Sinking Fund, the Series 1964 Bonds Reserve Account and the Series 1964 Bonds Depreciation Account.

(3) The Issuer shall next, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit to the National Finance Office, (i) the principal of and interest on the Series 1987 Bonds, as required in the 1987 Resolution, and (ii) the amounts required to pay the interest on the Series 1998 A Bonds, and to amortize the principal of the Series 1998 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Series 1987 Bonds and the Series 1998 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(4) The Issuer shall next, on each date that payment is made as set forth in (3) above, transfer from the Revenue Fund and simultaneously remit to the Depository Bank for deposit (i) in the Series 1987 Bonds Reserve Fund such amount as required by the 1987 Resolution, and (ii) in the Series 1998 A Bonds Reserve Fund, 0.4167% of the Minimum Reserve, until the amount in the Series 1998 A Bonds Reserve Fund equals the Minimum Reserve. Moneys in the Series 1998 A Bonds Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1998 A Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Series 1998 A Bonds, or for mandatory prepayment of the Series 1998 A Bonds as hereinafter provided, and for no other purpose. When the Minimum Reserve has been accumulated in the Series 1998 A Bonds Reserve Fund, all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund. Payments to the Series 1987 Bonds Reserve Fund and the Series 1998 A Bonds Reserve Fund herein provided for 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

(5) The Issuer shall next, on each date that payment is made as set forth in (3) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Series 1998 A Bonds Depreciation Reserve Account, 0.4167% of the Minimum Reserve, until the amount in the Series 1998 A Bonds Reserve Fund equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 1998 A Bonds are outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 1998 A Bonds Reserve Fund in accordance with Section 4.04B(4)(ii) above, or a withdrawal of funds from the Series 1998 A Bonds Reserve Account is made, payment of moneys into the Series 1998 A Bonds Depreciation Reserve Account as provided in this Section 4.04B(5) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 1998 A Bonds Reserve Fund until such deficiency is cured, at which time payments into the Series 1998 A Bonds Depreciation Reserve Account as provided in this Section 4.04B(5) shall resume. Moneys in the Series 1998 A Bonds Depreciation Reserve Account shall be used first, so long as the Series 1964 Bonds are outstanding, to make up any deficiencies for monthly payments of principal of and interest on the Series 1964 Bonds as the same become due, and next to restore to the Series 1964 Bonds Reserve Fund any sum or sums transferred therefrom, and thereafter to make up any deficiencies for monthly payments of principal of and interest on the Series 1987 Bonds and the Series 1998 A Bonds as the same become due, and next to restore to the Series 1987 Bonds Reserve Fund and the Series 1998 A Bonds Reserve Fund any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the aforementioned Reserve Funds are current and in accordance with the foregoing provisions, moneys in the Series 1998 A Bonds Depreciation Reserve Account 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.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used first, to prepay the Series

1964 Bonds, and thereafter, the Series 1987 Bonds and the Series 1998 A Bonds, pro rata, or for any lawful purpose.

Whenever the moneys in the Series 1998 A Bonds Reserve Fund shall be sufficient to prepay the Series 1998 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 1998 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Series 1998 A Bonds Reserve Fund and the Series 1998 A Bonds Depreciation Reserve Account and all amounts required for the Series 1998 A Bonds Reserve Fund and the Series 1998 A Bonds Depreciation Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 1998 A Bonds Reserve Fund and the Series 1998 A Bonds Depreciation Reserve 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 Series 1998 A 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, at the direction of the Issuer, shall keep the moneys in the Series 1998 A Bonds Reserve Fund and the Series 1998 A Bonds Depreciation Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit

or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the Prior Resolutions, earnings upon moneys in the Series 1998 A Bonds 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. 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 2,748 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

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

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 1998 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 1998 A Bonds Reserve Fund a sum sufficient to prepay the entire principal of the Series 1998 A 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 Bondholder.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 1998 A Bonds and sufficient to make the payments required herein into the Series 1998 A Bonds Reserve Fund and the Series 1998 A Bonds Depreciation Reserve Account 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 and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Series 1964 Bonds, and on a parity with the statutory mortgage lien in favor of the Purchaser as Holder of the Series 1987 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 August 25, 1997, Case No. 97-0606-PSD-30B, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon; at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of the Bond. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Bond, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. Prior Resolutions; Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

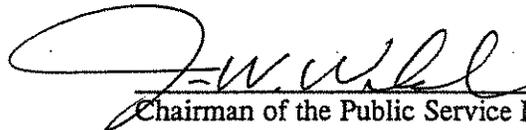
All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

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.

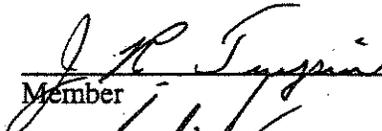
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

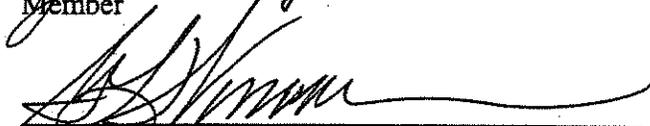
Adopted: March 24, 1998.



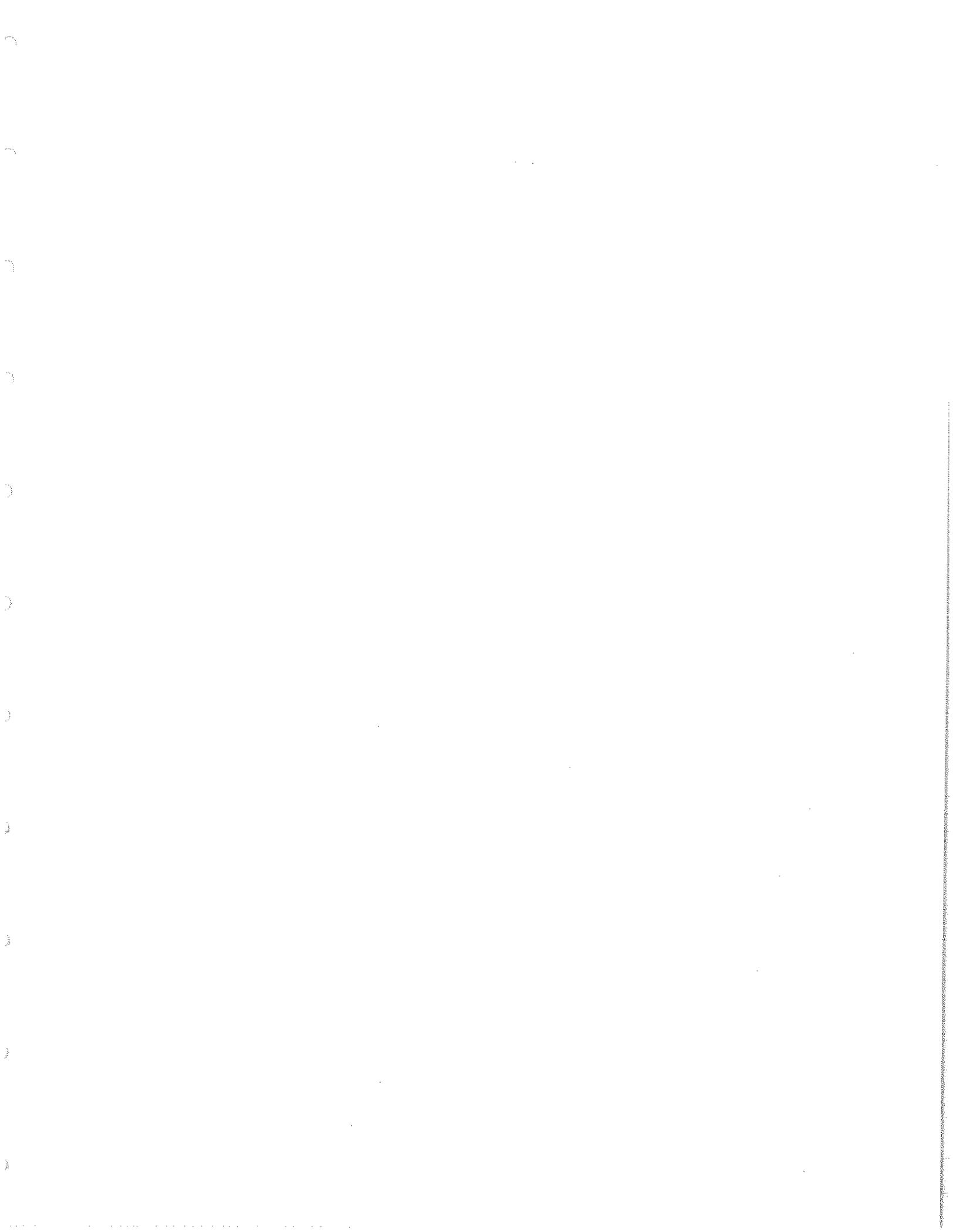
Chairman of the Public Service Board



Member



Member



GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS, SERIES 1998 B
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$317,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 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 GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS.

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

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

A. Green Valley-Glenwood Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Mercer County of said State.

B. The Issuer presently owns and operates a public sewer 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 sewer facilities of the Issuer, consisting of 9,400 linear feet of 8-inch gravity sewer line, 1,000 linear feet of 6-inch laterals, 1 cleanout and 57 manholes in the Crumpecker Mill area, Princeton, Mercer County, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$317,500 (the "Series 1998 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 1998 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 1998 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 1998 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 40 years.

F. It is in the best interests of the Issuer that its Series 1998 B Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement by and

between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank either senior and prior to, or on a parity with, the Series 1998 B Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, dated April 1, 1964, issued in the original aggregate principal amount of \$680,000 (the "Series 1964 Bonds"), the Sewer Revenue Bond, Series 1987, dated May 20, 1987, issued in the original aggregate principal amount of \$1,952,000 (the "Series 1987 Bonds"), and the Sewer Revenue Bond, Series 1998 A, dated March 24, 1998, issued in the original aggregate principal amount of \$540,000 (the "Series 1998 A Bonds") (the Series 1987 Bonds and the Series 1998 A Bonds are collectively referred to as the "Second Lien Bonds"). The Series 1964 Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds." The Series 1998 B Bonds shall be issued junior and subordinate to the Series 1964 Bonds, and on a parity with the Series 1987 Bonds and the Series 1998 A Bonds, with respect to liens, pledge and source of and security for payment and in all other respects.

Prior to the issuance of the Series 1998 B Bonds, the Issuer will obtain the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 1998 B Bonds on a parity with the Second Lien Bonds. Pursuant to the Resolution of the Issuer by which the Series 1964 Bonds were issued, the consent of the Holder of the Series 1964 Bonds is not required for the issuance of debt, the security for which is subordinate to the Series 1964 Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 1998 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 1998 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1998 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 1998 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 1998 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 1998 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 1998 B Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1998 B Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1998 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 Pentree, Inc., Princeton, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1998 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 1998 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1998 B Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1998 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.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"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 Bondholders, any Bonds registered to the Issuer.

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

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

"Prior Bonds" means, collectively, the Issuer's Sewer Revenue Bond, dated April 1, 1964, Sewer Revenue Bonds, Series 1987, and Sewer Revenue Bonds, Series 1998 A, described in Section 1.02G hereof.

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

"Prior Resolutions" means, collectively, the resolutions of the Issuer duly adopted April 10, 1964, October 18, 1985, and March 24, 1998, respectively, authorizing the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 1998 B Bonds and the Prior Bonds.

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

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

"Series 1998 B Bonds" means the not more than \$317,500 in aggregate principal amount of Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

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

"Series 1998 B Bonds Depreciation Reserve" means the Series 1998 B Bonds Depreciation Reserve established by Section 5.01 hereof.

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

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

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

"State" means the State of West Virginia.

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

obligations of the Issuer, including, without limitation, the Depreciation Reserve and the respective Reserve Accounts.

"System" means the existing sewer of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete sewer system of the Issuer and all sewer 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 sewer system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewer system of the Issuer.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$759,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1998 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, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be \$759,000, of which \$317,500 will be obtained from proceeds of the Series 1998 B Bonds, \$186,500 from a Grant by the Council, \$50,000 from a Grant from the Governor's Contingency Fund, through The County Commission of Mercer County, \$170,000 from a Grant by the Mercer County Solid Waste Authority, and \$25,000 from a grant by Luck's Disposal Service, Inc. The Issuer has already received and there has been constructed the in-kind contribution of MJ Electric, Inc., valued at \$10,000 for the Project.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1998 B Bonds, funding a reserve account for the Series 1998 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1998 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 1998 B Bonds of the Issuer. The Series 1998 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund)," in the principal amount of not more than \$317,500, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 B Bonds remaining after funding of the Series 1998 B Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1998 B Bonds, if any, shall be deposited in or credited to the Series 1998 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 1998 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1998 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 1998 B Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1998 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 1998 B Bonds. The Series 1998 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. The Series 1998 B Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1998 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 1998 B Bonds shall cease to be such officer of the Issuer before the Series 1998 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 1998 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. No Series 1998 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 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1998 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 1998 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 1998 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 1998 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 1998 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 1998 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1998 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 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 1998 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 1998 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 1998 B Bonds shall be secured by a second lien on the Net Revenues derived from the System, junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1964 Bonds, and on a parity with the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 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 1998 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1998 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 1998 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 1998 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 1998 B Bonds.

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

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 1998 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-_____

\$317,500

KNOW ALL MEN BY THESE PRESENTS: That GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements or extensions

thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 1998, and a Supplemental Resolution duly adopted by the Issuer on _____, 1998 (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 JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BOND, DATED APRIL 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$680,000 (THE "SERIES 1964 BONDS"). THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1987, DATED MAY 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,952,000 (THE "SERIES 1987 BONDS"), AND (2) SEWER REVENUE BONDS, SERIES 1998 A, DATED MARCH 24, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$540,000 (COLLECTIVELY, THE SERIES 1987 BONDS AND THE SERIES 1998 A BONDS ARE REFERRED TO AS THE "SECOND LIEN BONDS" AND, COLLECTIVELY WITH THE SERIES 1964 BONDS, AS THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, junior and subordinate to the pledge of Net Revenues in favor of the Holders of the Series 1964 Bonds, and on a parity with the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 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 senior to or on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1998 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 senior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 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: _____, 199 ____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1998 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.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior 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) Series 1987 Bonds Reserve Fund (established by the Prior Resolutions);
- (3) Series 1998 A Bonds Reserve Fund (established by the Prior Resolutions);
- (4) Series 1964 Bonds Depreciation Account (established by the Prior Resolutions);
- (5) Series 1998 A Bonds Depreciation Reserve Account (established by the Prior Resolutions);
- (6) Series 1998 B Bonds Depreciation Reserve; and
- (7) Series 1998 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) 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 1964 Bonds Sinking Fund (established by the Prior Resolutions);
- (2) Within the Series 1964 Bonds Sinking Fund, the Series 1964 Bonds Reserve Account (established by the Prior Resolutions);
- (3) Series 1998 B Bonds Sinking Fund; and

(4) Within the Series 1998 B Bonds Sinking Fund, the Series 1998 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, so long as the Series 1964 Bonds or any portion thereof shall be Outstanding, on or before the due date thereof, make all payments in accordance with the provisions of the 1964 Resolution, including payments into the Series 1964 Bonds Sinking Fund, the Series 1964 Bonds Reserve Account and the Series 1964 Bonds Depreciation Account.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required by the Prior Resolutions to pay the interest on and the principal of the Second Lien Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 B Bonds, remit to the Commission for deposit in the Series 1998 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 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 1998 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Prior Resolutions to be deposited respectively in the Series 1987 Bonds Reserve Fund and the Series 1998 A Bonds Reserve Fund; and (ii) commencing 3 months prior to the first date of payment of

principal of the Series 1998 B Bonds, if not fully funded upon issuance of the Series 1998 B Bonds, remit to the Commission for deposit in the Series 1998 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 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 1998 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund a sum equal to 2 1/2 % of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account, and from said amount remit to the Depository Bank for deposit in the Series 1998 A Bonds Depreciation Reserve Account the amount required under the Prior Resolutions, and any remaining monies shall be deposited in the Series 1998 B Bonds Depreciation Reserve. All funds in the Series 1998 B Bonds Depreciation Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Series 1998 B Bonds Depreciation Reserve for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Series 1998 B Bonds Depreciation Reserve.

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

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

All investment earnings on moneys in the Series 1998 B Bonds Sinking Fund and the Series 1998 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 1998 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 due on the Series 1998 B Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1998 B Bonds Reserve Account which result in a reduction in the balance of the Series 1998 B Bonds Reserve Account to below the Series 1998 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1998 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 appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1998 B Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1998 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1998 B Bonds, there shall first be deposited with the Commission in the Series 1998 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 1998 B Bonds for the period commencing on the date of issuance of the Series 1998 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 1998 B Bonds, there shall be deposited with the Commission in the Series 1998 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 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 1998 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 1998 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 1998 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 1998 B Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the Series 1998 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 Series 1998 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1998 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 1998 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1998 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1998 B Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 B Bonds shall be secured by a second lien on the Net Revenues derived from the System, junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1964 Bonds and on a parity with the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1998 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered August 25, 1997, in Case No. 97-0606-PSD-30B, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the

Series 1998 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1998 B Bonds, immediately be remitted to the Commission for deposit in the Series 1998 B Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 1998 B Bonds. Any balance remaining after the payment of the Series 1998 B Bonds and interest thereon, if any, shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Reserve. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Depreciation Reserve. The payment of such proceeds into the Depreciation Reserve shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1998 B Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1998 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1998 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 1998 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority 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. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1998 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

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

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months,

within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1998 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 1998 B Bonds.

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

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

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

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

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

Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 1998 B Bonds, and shall mail in each year to any Holder or Holders of the Series 1998 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 in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1998 B Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1998 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.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System

sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 B Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1998 B Bonds Reserve Account and the reserve accounts for obligations senior to or on a parity with the Series 1998 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 B Bonds and all other obligations secured by a lien on or payable from such revenues senior to or on a parity with the Series 1998 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and

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

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

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

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

obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the

System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

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

Section 7.18. [RESERVED]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1998 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1998 B Bonds and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Series 1964 Bonds and on a parity with the statutory mortgage lien in favor of the Holders of the Second Lien Bonds.

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

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

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

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

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

of the Council before expending any proceeds of the Series 1998 B Bonds made available due to bid or construction or project underruns.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

Section 8.02. [RESERVED]

Section 8.03. [RESERVED]

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1998 B Bonds:

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 1998 B Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 1998 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 1998 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1998 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1998 B Bonds shall be on a parity with the Holder of the Second Lien Bonds and junior and subordinate to the Holder of the Series 1964 Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1998 B Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Series 1998 B Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 1998 B Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 1998 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining

to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1998 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1998 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 1998 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 1998 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 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 1998 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 1998 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 out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1998 B Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1998 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 1998 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 1998 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; 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.

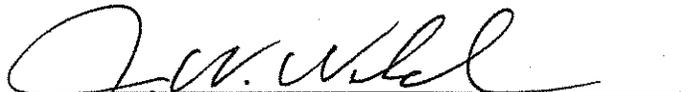
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular 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 Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

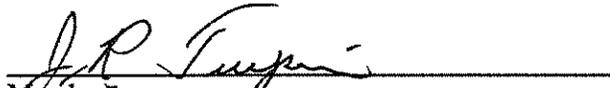
- (a) The maximum amount of the Series 1998 A Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1998 A Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 19th day of November, 1998.


Chairman


Member


Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT on the 19th day of November, 1998.

Dated: November 25, 1998.

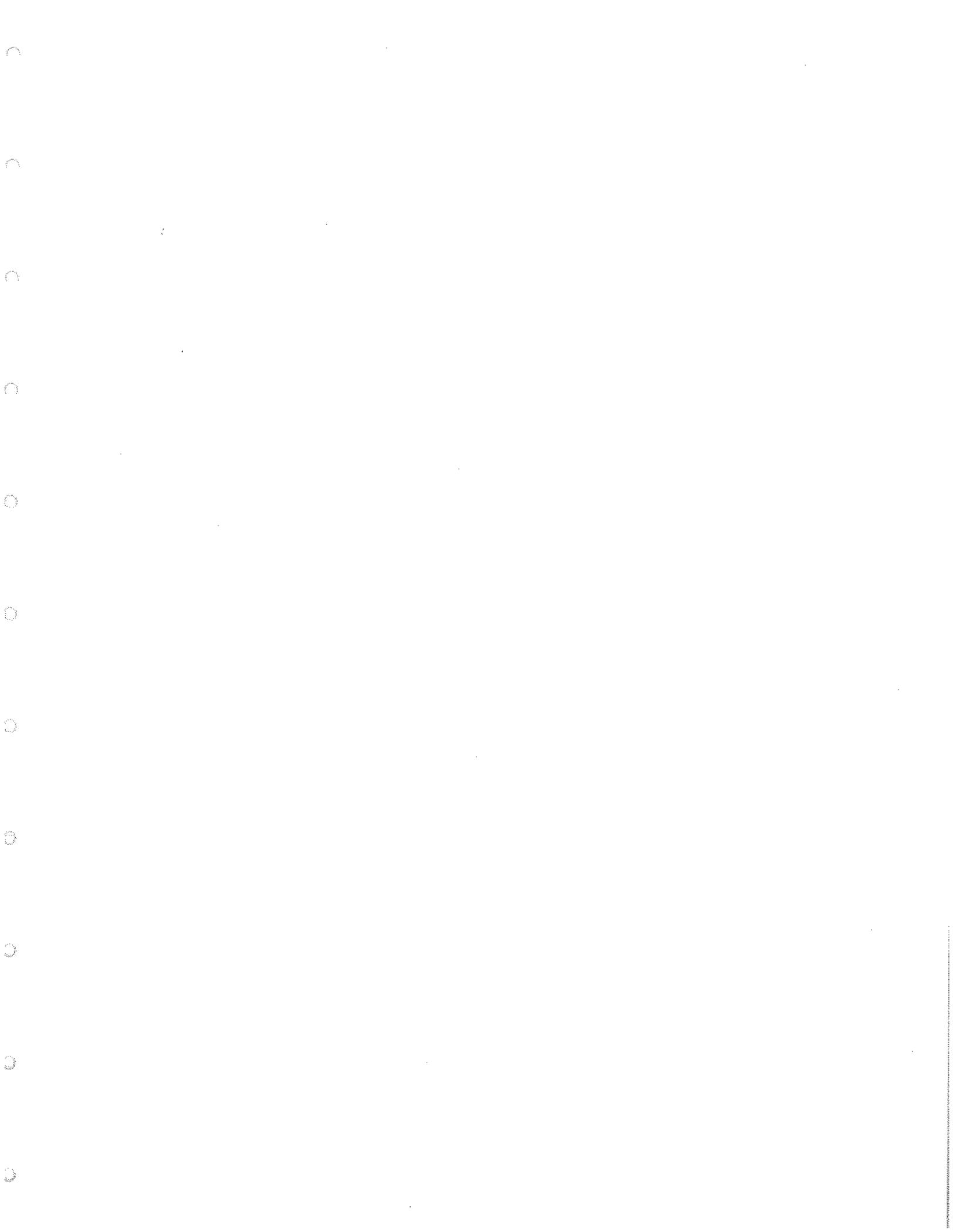
[SEAL]


Secretary

11/18/98
354550/98002

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.





United States Department of Agriculture

Rural Development

75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4860
FAX (304) 284-4893
TDD (304) 284-5941
(For the Deaf or Hard of Hearing)

January 4, 2002

**Green Valley-Glenwood Public Service District
Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)**

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture ("RUS"), the present holder of the entire outstanding aggregate principal amounts of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the upgrade of the lien position of the Series 1987 Bonds and the Series 1998 A Bonds held by RUS, and the Series 1998 B Bonds, from a second lien to a first lien, on a parity with each other, as the Series 1964 Bonds have been paid in full and discharged on or about December 1, 2001, (ii) consents to the issuance of the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) (the "Series 2002 A Bonds"), in the original aggregate principal amount of \$2,800,000 and Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture) (the "Series 2002 B Bonds"), in the original aggregate principal amount of \$950,000, by Green Valley-Glenwood Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2002 A Bonds and Series 2002 B Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bond, Series 1987, dated May 20, 1987, and Sewer Revenue Bonds, Series 1998 A, dated March 24, 1998 (collectively, the "Prior Bonds"); (iii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (collectively, the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2002 A Bonds and Series 2002 B Bonds or the Resolution; and (iv) consents to any and all amendments or modifications to the Prior Resolutions caused by the Issuer authorizing the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds.


JENNY N. PHILLIPS
State Director



State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

January 4, 2002

Green Valley-Glenwood Public Service District
Sewer Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

CONSENT

In reliance upon the certificate of the Issuer's accountant, Jeffrey S. Feamster, CPA, attached hereto and incorporated herein by reference, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of the Prior Bond, as hereinafter defined and described, does consent, on its own behalf and on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), (i) to the upgrade of the lien position of Green Valley-Glenwood Public Service District's (the "Issuer"), Sewer Revenue Bonds, Series 1998 B, held by the Authority on behalf of the Council (the "Prior Bond") from a second lien to a first lien, on a parity with the Issuer's Series 1987 Bonds and Series 1998 A Bonds; and (ii) to the issuance of the Sewer Revenue Bonds, Series 2001 A (United States Department of Agriculture) (the "Series 2001 A Bonds"), in the original aggregate principal amount of \$2,800,000, and Sewer Revenue Bonds, Series 2001 B (United States Department of Agriculture) (the "Series 2001 B Bonds"), in the original aggregate principal amount of \$950,000, by the Issuer, under the terms of the resolution authorizing the Series 2001 A Bonds and Series 2001 B Bonds, on a parity with respect to liens, pledge and source of and security for payment.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Daniel B. Yankosky
Its: Authorized Representative

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTONEntered: September 22, 2000

CASE NO. 00-0399-PSD-CN

FINAL10-12-00GREEN VALLEY-GLENWOOD PUBLIC
SERVICE DISTRICT, a public utility.

Application for a certificate of convenience and necessity to construct certain wastewater system upgrades and extensions to serve customers in the Bulltail Hollow and Ceres Hollow areas of Mercer County.

RECOMMENDED DECISION

On July 6, 2000, the Green Valley-Glenwood Public Service District (Utility), filed an application with the Commission for a certificate of public convenience and necessity to construct certain upgrades of its existing wastewater treatment plant and existing collection facilities, to construct certain collection facilities to serve customers in Bulltail Hollow and Ceres Hollow, and to construct an office in Mercer County. The project is estimated to cost \$4,000,000. The Utility proposes to finance the project with a Rural Utility Service Grant of \$1,200,000; and Sewer Revenue Bonds or local bank notes in the amount of \$2,800,000, at an interest rate not exceeding 4.5% for a period not to exceed 40 years.

On July 6, 2000, the Commission directed the Utility to publish the Notice of Filing, once in a newspaper duly qualified by the Secretary of State, published and generally circulated in Mercer County. The Notice of Filing provided that, if no substantial protests were filed within thirty days, the Commission may waive formal hearing and grant the certificate, based upon its review of the evidence submitted with the application.

On July 17, 2000, the Commission referred the matter. The Commission established a decision due date of on or before January 31, 2001.

On July 26, 2000, the Utility filed its affidavit of publication indicating that the Notice of Filing was properly published in the Bluefield Daily Telegraph, on July 17, 2000.

By Procedural Order issued August 14, 2000, the matter was set for a hearing on October 26, 2000.

On September 21, 2000, Staff filed its Final Joint Staff Memorandum recommending that the application be granted.

DISCUSSION

The Utility has demonstrated that the public convenience and necessity require the project. The proposed financing is reasonable and should be approved. The rates, as proposed by the Utility, are reasonable and should be approved for use by the Utility upon substantial completion of the project.

FINDINGS OF FACT

1. On July 6, 2000, the Utility filed an application for a certificate of public convenience and necessity to upgrade its existing 1.5 MGD wastewater treatment plant; to install certain collection mains and associated equipment to serve Bulltail Hollow, Ceres Hollow, and the Mercer County Airport; and to construct a new office building and parking lot and demolish the old office building. (See application).

2. The project will be financed by a USDA loan in the amount of \$2,800,000, at an interest rate of 4.5% for 40 years and a USDA Grant of \$1,200,000. (See application).

3. The project will serve approximately 90 homes, which currently use individual septic systems which are failing, causing health hazards in Mercer County. (See Final Joint Staff Memorandum).

4. The pollution from the septic systems in the Ceres Hollow and Bulltail Hollow area has been impacting the Utility's water system in the area. (See Final Joint Staff Memorandum).

5. Part of the project includes the Utility constructing an aerobic digester system needed to meet Department of Environmental Protection sludge requirements. (See Final Joint Staff Memorandum; application).

6. The plans and specifications submitted by the Utility are in substantial compliance with Commission rules and regulations. (See Final Joint Staff Memorandum).

7. All necessary permits from the Department of Health and Human Resources and the Office of Environmental Health Services have been received. (See Final Joint Staff Memorandum).

8. The Utility has made proper publication of its filing and of the proposed rates. (See affidavit of publication filed July 26, 2000).

9. No protests have been filed to the application. (See file generally).

10. Staff recommends that the Utility be granted a certificate of convenience and necessity. (See Final Joint Staff Memorandum).

WATER DISCONNECT - RECONNECT FEES - ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$25.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of sewer bills, is reconnected, a fee of \$25.00 shall be charged.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Green Valley-Glenwood Public Service District shall be the District's charge to the customer for such a bad check, up to a maximum of \$15.00.

LEAK ADJUSTMENT INCREMENT

\$1.31 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.



GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
CASE NO. 00-0399-PSD-CN.

APPROVED RATES

(Upon substantial completion of project)

Applicable within entire territory served.

Availability of Service

Available for general domestic and commercial service.

RATE

First	2,000 gallons used per month	\$ 6.82 per 1,000 gallons
Next	2,000 gallons used per month	\$ 6.12 per 1,000 gallons
Next	6,000 gallons used per month	\$ 5.38 per 1,000 gallons
Next	90,000 gallons used per month	\$ 4.65 per 1,000 gallons
All over	100,000 gallons used per month	\$ 3.93 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts
(based on 2,000 gallons) \$13.64 per month

UNMETERED CHARGE (based on 4,000 gallons) \$25.88 per month

LANDFILL LEACHATE CHARGE \$6.82 per 1,000 gallons
(Alternate - use attached Schedule A)

SCHEDULE A

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

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

$$C_i = V_oV_i + B_oB_i + S_oS_i + N_oN_i$$

Where,

- C_i = charge to unusual users per year
- V_o = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
- V_i = volume of waste water from unusual users, in gallons per year
- B_o = average unit of cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound
- B_i = weight of BOD from unusual users, in pounds per year
- S_o = average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
- S_i = weight of total solids from unusual users, in pounds per year
- N_o = average unit costs of treatment chargeable to Nitrogenous Oxygen Demand (NOD), in dollars per pound
- N_i = weight of NOD from unusual users, in pounds per year

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

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

SURFACE OR GROUND WATER CHARGE

Where evidence of a violation exists, a surcharge to the customer may be added in accordance with Public Service Commission Rule 5.4.19. Formula for calculating the surcharge for rain and surface water:

$S = A \times R \times 0.0006233 \times C$, where

S= surcharge in dollars

A= area draining into District's collection system in square feet

R= rainfall in inches

C= approved sewer charge (\$6.82 per 1,000 gallons)

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to only be collected once for each bill where it is applicable.

PRECONSTRUCTION CONNECTION CHARGE

The connection charge shall be \$100.00 for all customers requesting service prior to the beginning of construction. After construction begins, the connection charge will be \$300.00.

CONNECTION CHARGE

A fee of \$300.00 will be charged for each new connection to the system.

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.
2. The proposed financing is reasonable and should be approved.
3. The Utility's application for a certificate of convenience and necessity should be granted.
4. The Utility should be required to seek Commission approval if the scope of the project or the proposed financing should change.

ORDER

IT IS, THEREFORE, ORDERED that the Green Valley-Glenwood Public Service District's application filed on July 6, 2000, for a certificate of convenience and necessity to construct certain improvements and expansions of its wastewater treatment facilities be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing, consisting of a USDA Loan of \$2,800,000 at the rate of 4.5% interest for 40 years and a USDA Grant of \$1,200,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if the scope, design or the financing of the project is modified, the Utility shall petition the Commission for approval of any modification before proceeding to construction.

IT IS FURTHER ORDERED that the Utility is hereby authorized to charge the rates and charges set forth in Appendix A, upon substantial completion of the project. The Utility shall file an appropriate tariff with the Commission's Tariff Office upon substantial completion of the project.

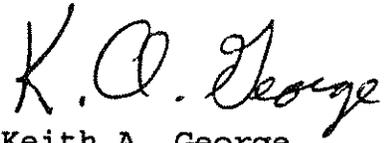
IT IS FURTHER ORDERED that the hearing scheduled for October 26, 2000, be, and hereby is, canceled.

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.



Keith A. George
Administrative Law Judge

KAG:mal
000399aa.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 18th day of December, 2001.

CASE NO. 00-0399-PSD-CN (REOPENED)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, a public utility.

Application for a certificate of public convenience and necessity to construct certain wastewater system upgrades and extensions to serve customers in the Bulltail Hollow and Ceres Hollow areas of Mercer County.

COMMISSION ORDER

The Commission granted a certificate to extend sewer service in Mercer County. There were cost overruns and additions on the project, and the utility has secured additional financing to cover the overruns and additions. The Commission shall approve the additional financing, contingent upon the utility providing the necessary permits for the project modifications.

BACKGROUND

On October 20, 2000, Green Valley-Glenwood Public Service District was granted a certificate of public convenience and necessity to upgrade and extend its wastewater system to serve the Bulltail Hollow and Ceres Hollow areas and to construct an office building, all in Mercer County. Comm'n Order pp. 1-3 (Rec. Dec. Sept. 22, 2000, final Oct. 12, 2000). The project will serve about 90 homes, many of which have failing septic systems. Id. p. 2. Green Valley-Glenwood's water system has been affected by the pollution from these systems. Id.

The following financing for the project was approved:

USDA loan, 4.5%, 40 years	\$2,800,000
USDA grant	<u>1,200,000</u>
	\$4,000,000

Id. p. 3. If the scope, design or financing of the project was modified, Green Valley-

Glenwood was required to petition the Commission for approval of the modification before beginning construction. Id.

On November 9, 2001, Green Valley-Glenwood petitioned to reopen the case, for approval of revised financing. Ltr. pp. 1-2. Green Valley-Glenwood said it would obtain an additional \$950,000 loan from the Rural Utilities Service and attached a cash flow analysis, which reflected repayment of the 1964 bond issue. Id. & Statement H.

When the Commission granted the certificate, it approved increased rates to take effect upon substantial completion of the project. In this petition to reopen, Green Valley-Glenwood asked that the rates be allowed to commence at the beginning of construction. Id. That would allow Green Valley-Glenwood to replenish some of the funds lost in the American Canoe Association litigation. Id.

Finally, Green Valley-Glenwood requested expedited consideration, because under the litigation's Consent Decree, construction must begin by January 1, 2002. Id. p. 2. Green Valley-Glenwood recognized that an Amended Letter of Conditions from Rural Utilities Service was needed and asked Staff to process the case contingent upon receipt of that letter, which was expected to be issued by December 7, 2001. Id.

On November 30, 2001, Green Valley-Glenwood provided the costs that make up the additional \$950,000 request in financing, as follows:

Construction & construction contingency	\$846,000
Engineering costs	30,000
Interest	57,500
Project contingency	<u>16,500</u>
	\$950,000

On December 3, 2001, Green Valley-Glenwood provided additional engineering information.

On December 4, 2001, Commission Staff advised that, based upon a conversation with Green Valley-Glenwood's counsel, there was some flexibility in the closing schedule. Initial Joint Staff Memorandum Regarding Reopening Petition p. 1. Staff also noted that there had been some delays in obtaining requested engineering information. Id. pp. 1-2.

The Commission's Utilities Division was able to complete its analysis of Green Valley-Glenwood's ability to pay for the additional loan, based upon the information contained in the file, Legal Staff said. Id. p. 2. Legal Staff said it would file an additional memo when Engineering's recommendations were received. Id.

Utilities Staff advised that the need for the \$950,000 in additional financing was asserted to be cost overruns and additional work, and Utilities Staff deferred to Engineering Staff as to the reasonableness of the cost overruns and/or the additional work required. Utilities Division Initial and Final Recommendation p. 1, attached to Initial Joint Staff Memorandum Regarding Reopening Petition p. 1.

Green Valley-Glenwood will pay off its 1964 bond issue in December 2001, Utilities Staff said. Id. The bond issue has total annual payments of \$41,988, and the new \$950,000 loan will have annual payments of \$52,326. Id. The net increase in annual payments is \$10,338, and Staff's analysis of Green Valley-Glenwood's cash flow showed that present rates would support the additional \$10,000 in annual debt payments. Id. & attached amended cash flow.

Utilities Staff did not support Green Valley-Glenwood's request that increased rates take effect when construction commences. Id. To pass on litigation costs to ratepayers through early implementation of rates would, in effect, impose a surcharge on current customers to pay for the litigation, Utilities Staff said. Id.

Utilities Staff recommended that the additional \$950,000 loan be approved, subject to receipt of an amended letter of conditions. Id.

On December 11, 2001, Green Valley-Glenwood filed an amended Letter of Conditions from the USDA Rural Utilities Service, which set forth the following revised financing:

USDA initial loan, 4.5%, 40 years	\$2,800,000
USDA subsequent loan, 4.5%, 40 years	950,000
USDA grant	<u>1,200,000</u>
	\$4,950,000

On December 17, 2001, Commission Staff recommended that the revised financing be approved, contingent upon receipt of all the necessary permits from the West Virginia Department of Health and Human Resources, Office of Environmental Health Services. Final Joint Staff Memorandum p. 1.

Engineering Staff advised that the original certificate case divided the project into four separate contracts: 1) upgrade the 1.5 million gallon per day wastewater treatment plant, 2) install six- and eight-inch sewer lines, and three pump stations, 3) install eight-, 12- and 15-inch sewer lines, and 4) construct a new office building and demolish the old one. Initial & Final Internal Memorandum pp. 1-2, attached to Final Joint Staff Memorandum p. 1. Contracts 2 and 3 will provide sewage service to Bulltail Hollow, Ceres Hollow and the

Mercer County Airport. Id. p. 2.

The \$950,000 is needed for additional work on the sewer plant upgrade, office building, and related soft costs. Id. p. 4. The sewer plant upgrade accounts for \$879,020 of the additional costs: \$109,370 for a UV disinfection system; \$376,650 for an aerobic digestion system; and \$393,000 for a post aeration system, disk filter system, additional fencing, and to replace an underground fuel. Id. pp. 4-5. The UV disinfection and aerobic digestion systems were additions to the original project. The post aeration and disk filter systems, fencing and underground fuel tank replacement were added to the project, Staff said. Id. p. 5.

The UV system was modified to construct two treatment channels instead of one for flexibility and to allow cleaning of one channel while disinfection treatment could continue with the other, Staff said. Id. p. 6. The aerobic digestion system was modified to a two-concrete-basin system to improve operation. Id. The post aeration system was added as a result of the Consent Decree. Id. The disk filter system was added to comply with possibly more stringent discharge parameters in 2004. Id. The fencing will surround the UV facilities, and replacing the underground fuel tank complies with DEP requirements. Id.

Green Valley-Glenwood's engineer reports that site work, building demolition and signage were not part of the original project's Contract 4 for the office building, and these items added \$59,473 to the project, Staff said. Id. p. 5. However, Staff said that building demolition and signage were part of the project approved by the Commission. Id. Staff also advised that the building's construction cost is slightly high, at \$110 per square foot. Id. Further, cost estimates were not increased enough during revisions to the engineer's reports between 1994 and 1998 to cover significant increases in labor and material costs for actual construction being in 2002. Id.

While all the necessary permits were received for the original certificate, Staff has not received the permits for the modifications proposed in this reopening. Id. p. 6. Staff contacted the Office of Environmental Health Services and was informed that Green Valley-Glenwood submitted the modifications on December 4, and it was estimated that a modification would be issued sometime in January 2002. Id. pp. 6-7.

Engineering Staff recommended that the reopening be approved, contingent upon receiving all the necessary permits. Id. p. 7. Should further changes occur to the plans, scope, terms or financing, Green Valley-Glenwood should be required to again petition to reopen this case, Staff said. Id.

DISCUSSION

This case should be reopened to consider Green Valley-Glenwood's request.

The Commission also shall approve the revised financing, as recommended by Staff, contingent upon receipt of the necessary permits for the project modifications. Green Valley-Glenwood has provided an Amended Letter of Conditions from RUS, Utilities Staff advises that rates will support the additional debt service and Engineering Staff has reviewed the project overruns and additions. Should further changes be proposed, Green Valley-Glenwood should again petition to reopen this case for Commission approval.

Green Valley-Glenwood also asked to place its revised rates into effect when construction begins, instead of when construction is substantially complete. We agree with Staff that this request should be denied. Green Valley-Glenwood's rates were designed with these project costs in mind. If Green Valley-Glenwood wishes to explore rate relief due to litigation costs, a general rate proceeding should be pursued in which all of Green Valley-Glenwood's costs and expenses may be reviewed.

Green Valley-Glenwood is scheduling its loan closing within days, so that it may timely begin construction in compliance with the Consent Decree. Under these circumstances, the request for expedited treatment is reasonable and shall be granted.

FINDINGS OF FACT

1. On October 20, 2000, Green Valley-Glenwood was granted a certificate to extend sewer service and construct an office building in Mercer County. Comm'n Order pp. 1-3 (Rec. Dec. Sept. 22, 2000, final Oct. 12, 2000).

2. The following financing for the project was approved:

USDA loan, 4.5%, 40 years	\$2,800,000
USDA grant	<u>1,200,000</u>
	\$4,000,000

Id. p. 3.

3. If the scope, design or financing of the project was modified, Green Valley-Glenwood was required to petition the Commission for approval of the modification before beginning construction. Id.

4. On November 9, 2001, Green Valley-Glenwood petitioned to reopen the case, for approval of an additional \$950,000 loan from the Rural Utilities Service. Ltr. pp. 1-2. Green Valley-Glenwood also asked that its revised rates be allowed to commence at the beginning of construction and that its petition be considered expeditiously. Id.

5. The need for the \$950,000 in additional financing was asserted to be cost overruns and additional work, and Utilities Staff deferred to Engineering Staff as to the reasonableness of the cost overruns and/or the additional work required. Utilities Division Initial and Final Recommendation p. 1, attached to Initial Joint Staff Memorandum Regarding Reopening Petition p. 1 (Dec. 4, 2001).

6. Green Valley-Glenwood will pay off its 1964 bond issue in December 2001 said. Id. The bond issue has total annual payments of \$41,988, and the new \$950,000 loan will have annual payments of \$52,326. Id. The net increase in annual payments is \$10,338. Id.

7. Green Valley-Glenwood's present rates will support the additional \$10,000 in annual debt payments. Id. & attached amended cash flow.

8. Utilities Staff did not support Green Valley-Glenwood's request that increased rates take effect when construction commences. Id.

9. Utilities Staff recommended that the additional \$950,000 loan be approved, subject to receipt of an amended letter of conditions. Id.

10. On December 11, 2001, Green Valley-Glenwood filed an amended Letter of Conditions from the USDA Rural Utilities Service, which set forth the following revised financing:

USDA initial loan, 4.5%, 40 years	\$2,800,000
USDA subsequent loan, 4.5%, 40 years	950,000
USDA grant	<u>1,200,000</u>
	\$4,950,000

11. On December 17, 2001, Commission Staff recommended that the revised financing be approved, contingent upon receipt of all the necessary permits from the West Virginia Department of Health and Human Resources, Office of Environmental Health Services. Final Joint Staff Memorandum p. 1.

12. The sewer plant upgrade accounts for \$879,020 of the additional costs: \$109,370 for a UV disinfection system; \$376,650 for an aerobic digestion system; and \$393,000 for a post aeration system, disk filter system, additional fencing, and to replace an underground fuel tank. Initial & Final Internal Memorandum pp. 1-2, attached to Final Joint Staff Memorandum pp. 4-5. The UV disinfection and aerobic digestion systems were additions to the original project. The post aeration and disk filter systems, fencing and underground fuel tank replacement were added to the project. Id. p. 5.

13. Green Valley-Glenwood's engineer reports that site work, building demolition and signage were not part of the original project's Contract 4 for the office building, and these items added \$59,473 to the project. Id. p. 5.

14. Staff said that building demolition and signage were part of the project approved by the Commission, that the building's construction cost is slightly high at \$110 per square foot, and that cost estimates were not increased enough during revisions to the engineer's reports between 1994 and 1998 to cover significant increases in labor and material costs for actual construction being in 2002. Id.

15. Engineering Staff recommended that the reopening be approved, contingent upon receiving all the necessary permits. Id. p. 7. Should further changes occur to the plans, scope, terms or financing, Green Valley-Glenwood should be required to again petition to reopen this case, Staff said. Id.

CONCLUSIONS OF LAW

1. The Commission should approve the revised financing, as recommended by Staff, contingent upon receipt of the necessary permits for the project modifications. Green Valley-Glenwood has provided an Amended Letter of Conditions from RUS, Utilities Staff advises that rates will support the additional debt service and Engineering Staff has reviewed the project overruns and additions.

2. If the scope, design or financing of the project is modified, Green Valley-Glenwood shall petition the Commission for approval of the modification before beginning construction.

3. Green Valley-Glenwood should not be permitted to place its revised rates into effect when construction begins. Green Valley-Glenwood's rates were designed with these project costs in mind. If Green Valley-Glenwood wishes to explore rate relief due to litigation costs, a general rate proceeding should be pursued in which all of Green Valley-Glenwood's costs and expenses may be reviewed.

4. Green Valley-Glenwood is scheduling its loan closing within days, so that it may timely begin construction in compliance with the Consent Decree. Under these circumstances, the request for expedited treatment is reasonable and shall be granted.

ORDER

IT IS THEREFORE ORDERED that this case is reopened.

IT IS FURTHER ORDERED that Green Valley-Glenwood's petition to reopen is granted in part. The Commission approves the following revised financing:

USDA initial loan, 4.5%, 40 years	\$2,800,000
USDA subsequent loan, 4.5%, 40 years	950,000
USDA grant	<u>1,200,000</u>
	\$4,950,000

IT IS FURTHER ORDERED that if the scope, design or financing of the project is modified, Green Valley-Glenwood shall petition the Commission for approval of the modification before beginning construction.

IT IS FURTHER ORDERED that Green Valley-Glenwood's request to place its revised rates in effect when construction commences is denied.

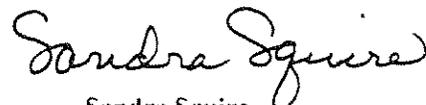
IT IS FURTHER ORDERED that Green Valley-Glenwood's request for expedited treatment is granted.

IT IS FURTHER ORDERED that this proceeding be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon Green Valley-Glenwood by facsimile and by United States First Class Mail and upon Commission Staff by hand delivery.

CLW/sek
000399c.wpd

A True Copy, Teste:


Sandra Squire
Executive Secretary

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)

RECEIPT FOR SERIES 2002 BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 4th day of January, 2002, at Bluefield, West Virginia, the undersigned received for the Purchaser the single, fully registered Green Valley-Glenwood Public Service District Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$2,800,000 (the "Series 2002 A Bonds") and Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture), No. BR-1, in the principal amount of \$950,000 (the "Series 2002 B Bonds") both dated the date hereof and bearing interest at the rate of 4.5% per annum, payable in monthly installments as stated in each respective Bond. The Series 2002 A and Series 2002 B Bonds are sometimes hereinafter referred to as the "Bonds." The Bonds represent the entire above-captioned Bond issue.

2. At the time of such receipt, the Bonds have been executed and sealed by the designated officials of the Public Service Board of Green Valley-Glenwood Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sums of \$300,000, and \$48,000, respectively, each being a portion of the respective principal amount of the Bonds. Further advances of the balance of the principal amount of each series of Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 4th day of January, 2002.


Authorized Representative

12/31/01
354550.98004



SPECIMEN

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 2002 A

\$2,800,000

No. AR-1

Date: January 4, 2002

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$2,800,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$12,852, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage 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 Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted January 2, 2002, authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1987, DATED MAY 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,952,000 (THE "SERIES 1987 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1998 A, DATED MARCH 24, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1998 A BONDS"), (3) SEWER REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 25, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$317,500 (THE "SERIES 1998 B BONDS") (COLLECTIVELY, THE SERIES 1987 BONDS, THE SERIES 1998 A BONDS AND THE SERIES 1998 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS") AND (4) SEWER REVENUE BONDS, SERIES 2002 B, TO BE ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$950,000 (THE "SERIES 2002 B BONDS")

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]



Chairman, Public Service Board
Post Office Box 6099
Bluefield, West Virginia 24701-6099

ATTEST:



Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$300,000.00	January 4, 2002	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

12/31/01
354550.98004

SPECIMEN

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 2002 B

\$950,000

No. BR-1

Date: January 4, 2002

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD 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 NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$4,361, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage 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 Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted January 2, 2002, authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1987, DATED MAY 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,952,000 (THE "SERIES 1987 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1998 A, DATED MARCH 24, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1998 A BONDS"), (3) SEWER REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 25, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$317,500 (THE "SERIES 1998 B BONDS") (COLLECTIVELY, THE SERIES 1987 BONDS, THE SERIES 1998 A BONDS AND THE SERIES 1998 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS") AND (4) SEWER REVENUE BONDS, SERIES 2002 A, TO BE ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,800,000 (THE "SERIES 2002 A BONDS").

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 48,000.00	January 4, 2002	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

12/31/01
35455.98004



Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
stumpjc@steptoe-johnson.com

January 4, 2002

Green Valley-Glenwood Public Service District
Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Green Valley-Glenwood Public Service District in Mercer County, West Virginia (the "Issuer"), of its \$2,800,000 Sewer Revenue Bonds, Series 2002 A, dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted January 2, 2002 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds and a statutory mortgage lien on the System on a parity with the Issuer's Sewer Revenue Bonds, Series 1987, dated May 20, 1987, issued in the original aggregate principal amount of \$1,952,000, the Sewer Revenue Bonds, Series 1998 A, dated March 24, 1998, issued in the

original aggregate principal amount of \$540,000, the Sewer Revenue Bonds, Series 1998 B, dated November 25, 1998, issued in the original aggregate principal amount of \$317,500, and the Sewer Revenue Bonds, Series 2002 B, issued simultaneously herewith, in the original aggregate principal amount of \$950,000.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

7. The Issuer's Sewer Revenue Bonds, Series 1964 (the "Series 1964 Bonds") have been paid within the meaning and with the effect expressed in the 1964 Ordinance, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1964 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission relating to the sufficiency of the moneys on deposit in the Series 1964 Bonds Sinking Fund to provide for the payment of the principal of and interest on the Series 1964 Bonds and the redemption premium as determined by the Registered Owner of the Series 1964 Bonds.

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

Very truly yours,


STEPTOE & JOHNSON PLLC



Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
stumpjc@steptoe-johnson.com

January 4, 2002

Green Valley-Glenwood Public Service District
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Green Valley-Glenwood Public Service District in Mercer County, West Virginia (the "Issuer"), of its \$950,000 Sewer Revenue Bonds, Series 2002 B, dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted January 2, 2002 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds and a statutory mortgage lien on the System on a parity with the Issuer's Sewer Revenue Bonds, Series 1987, dated May 20, 1987, issued in the original aggregate principal amount of \$1,952,000, the Sewer Revenue Bonds, Series 1998 A, dated March 24, 1998, issued in the original aggregate principal amount of \$540,000, the Sewer Revenue Bonds, Series 1998 B, dated November 25, 1998, issued in the original aggregate principal amount of \$317,500, and the Sewer



Revenue Bonds Series 2001 A, issued simultaneously herewith, in the original aggregate principal amount of \$2,800,000 and subject to no prior lien granted under the Act.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

7. The Issuer's Sewer Revenue Bonds, Series 1964 (the "Series 1964 Bonds") have been paid within the meaning and with the effect expressed in the 1964 Ordinance, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1964 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission relating to the sufficiency of the moneys on deposit in the Series 1964 Bonds Sinking Fund to provide for the payment of the principal of and interest on the Series 1964 Bonds and the redemption premium as determined by the Registered Owner of the Series 1964 Bonds.

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

Very truly yours,



STEPTOE & JOHNSON PLLC

LAW OFFICES
WILLIAM S. WINFREY, II

1608 MAIN STREET WEST
POST OFFICE BOX 1159
PRINCETON, W. VA. 24740

TELEPHONE
304-487-1887
TELECOPIER
304-425-7340

FILE NO.

January 4, 2002

Green Valley-Glenwood Public Service District
Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Green Valley-Glenwood Public Service District, a public service district in Mercer County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted January 2, 2002 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (collectively, the "Bonds") and documents and orders of The County Commission of Mercer County relating to the creation and expansion of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

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

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Mercer County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds or the Resolution, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,



WILLIAM S. WINFREY, II

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. CONFLICT OF INTEREST

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Green Valley-Glenwood Public Service District in Mercer County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Green Valley-Glenwood Public Service District Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$2,800,000 and Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture), No. BR-1, dated the date hereof, fully registered, in the principal amount of \$950,000 and both bearing interest at the rate of 4.5% per annum (the "Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated September 10, 1998, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted January 8, 2002, authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise

defined herein shall have the same meaning as defined in the Resolution when used herein. The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant moneys committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Final Order and of the Public Service Commission of West Virginia dated October 12, 2000 and December 18, 2001, respectively, in Case No. 00-0399-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof. The time for appeal of such Commission Order has not expired to the date hereof. The Issuer hereby states, and the other parties to such Commission Order have stated, that they shall not appeal such Commission Order.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds and Series 2002 B Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, Series 1987, dated May 20, 1987, issued in the original aggregate principal amount of \$1,952,000 (the "Series 1987 Bonds"),

the Sewer Revenue Bond, Series 1998 A, dated March 24, 1998, issued in the original aggregate principal amount of \$540,000 (the "Series 1998 A Bonds"), and the Sewer Revenue Bonds, Series 1998 B, dated November 25, 1998, issued in aggregate principal amount of \$317,500 (the "Series 1998 B Bonds") (the Series 1987 Bonds, the Series 1998 A Bonds and the 1998 B Bonds are collectively referred to as the "Prior Bonds"). The Series 2002 A Bonds and Series 2002 B Bonds shall be issued on a parity with the Series 1987 Bonds, the Series 1998 A Bonds and the Series 1998 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects.

The Issuer has obtained the written consent of the Holder of the Prior Bonds to the issuance of the Series 2002 A Bonds and Series 2002 B Bonds on a parity with the Prior Bonds. The Issuer has complied with the covenants of the Prior Resolutions for the issuance of the Series 2002 A Bonds and Series 2002 B 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 not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Bonds on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

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

Bond Resolution

1987 Bond Resolution

1998 A Bond Resolution

1998 B Bonds Resolution

RUS Consent to Issuance of Parity Bonds

West Virginia Water Development Authority and West Virginia Infrastructure
and Jobs Development Council Consent to Issuance of Parity Bonds

Public Service Commission Orders

County Commission Orders Regarding Creation and Enlargement of the District
and Approval of Public Service Commission

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes on Adoption of Bond Resolution and Supplemental Resolution

United States Department of Agriculture Letters of Conditions and Closing
Instructions

United States Department of Agriculture Grant Agreement

The undersigned Chairman hereby covenants that he has or will file tariffs pursuant to final order of the Public Service Commission when the completion date of the Project is definitely known, or has caused or will cause such tariffs to be filed in accordance with said order.

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Green Valley-Glenwood Public Service District" and its principal office and place of business are in Mercer County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Jimmy W. Welch	November 1, 1999	November 1, 2005
Gregory L. Wimmer	November 1, 1998	November 1, 2004
James Carter	November 1, 2001	November 1, 2007

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2002 are as follows:

Chairman	-	Jimmy W. Welch
Treasurer	-	Gregory L. Wimmer
Secretary	-	Faye Cregger

The duly appointed and acting Attorney for the Issuer is William S. Winfrey, II of Princeton, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Bonds were delivered to the Purchaser at Bluefield, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Bonds, the amount of \$300,000 was received by the undersigned Chairman, being a portion of the principal amount of the Series 2002 A Bonds and \$48,000 was received by the undersigned Chairman, being a portion of the principal amount of the Series 2002 B Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.5% per annum is payable from the date of each such advance.

The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such

purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.:

All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer will serve at least 3,252 bona fide full-time users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. GRANTS: As of the date hereof, the grant from the Purchaser in the amount of \$1,200,000 is committed and in full force and effect.

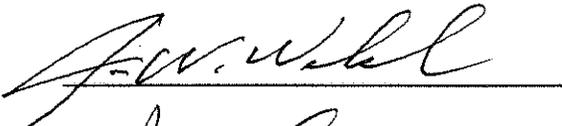
15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor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

WITNESS our signatures and the official seal of GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT on this 4th day of January, 2002.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman



Secretary



Attorney for Issuer

12/31/01
354550.98004



GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

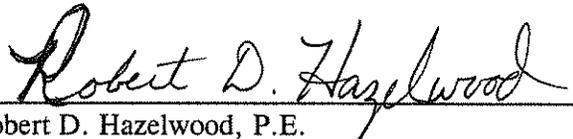
I, Robert D. Hazelwood, Registered Professional Engineer, West Virginia License No. 8452, of Pentree, Incorporated, Princeton, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing public sewerage system (the "System") of Green Valley-Glenwood Public Service District (the "Issuer"), to be acquired and constructed primarily in Mercer County, West Virginia, which acquisition and construction are being financed in part by the above-captioned bonds of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 4th day of January, 2002.

PENTREE, INCORPORATED



Robert D. Hazelwood, P.E.
West Virginia License No.8452

12/31/01
354550.98004

CH455149.2





Jeffrey S. Feamster, CPA

Jeffrey S. Feamster
Certified Public Accountant
P.O. Box 121
Lewisburg, West Virginia 24901

Phone: (304) 647-5980
Fax: (801) 640-8611
Cellular: (304) 667-5990
Email: jeff@mcsww.com

January 4, 2002

Green Valley-Glenwood Public Service District
Sewer Revenue Bonds, Series 2002 A and Series 2002 B
(United States Department of Agriculture)

West Virginia Water
Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

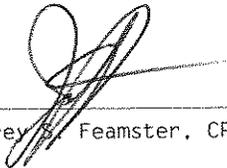
United States Department of Agriculture
Rural Utilities Service
Beckley, West Virginia

Ladies and Gentlemen:

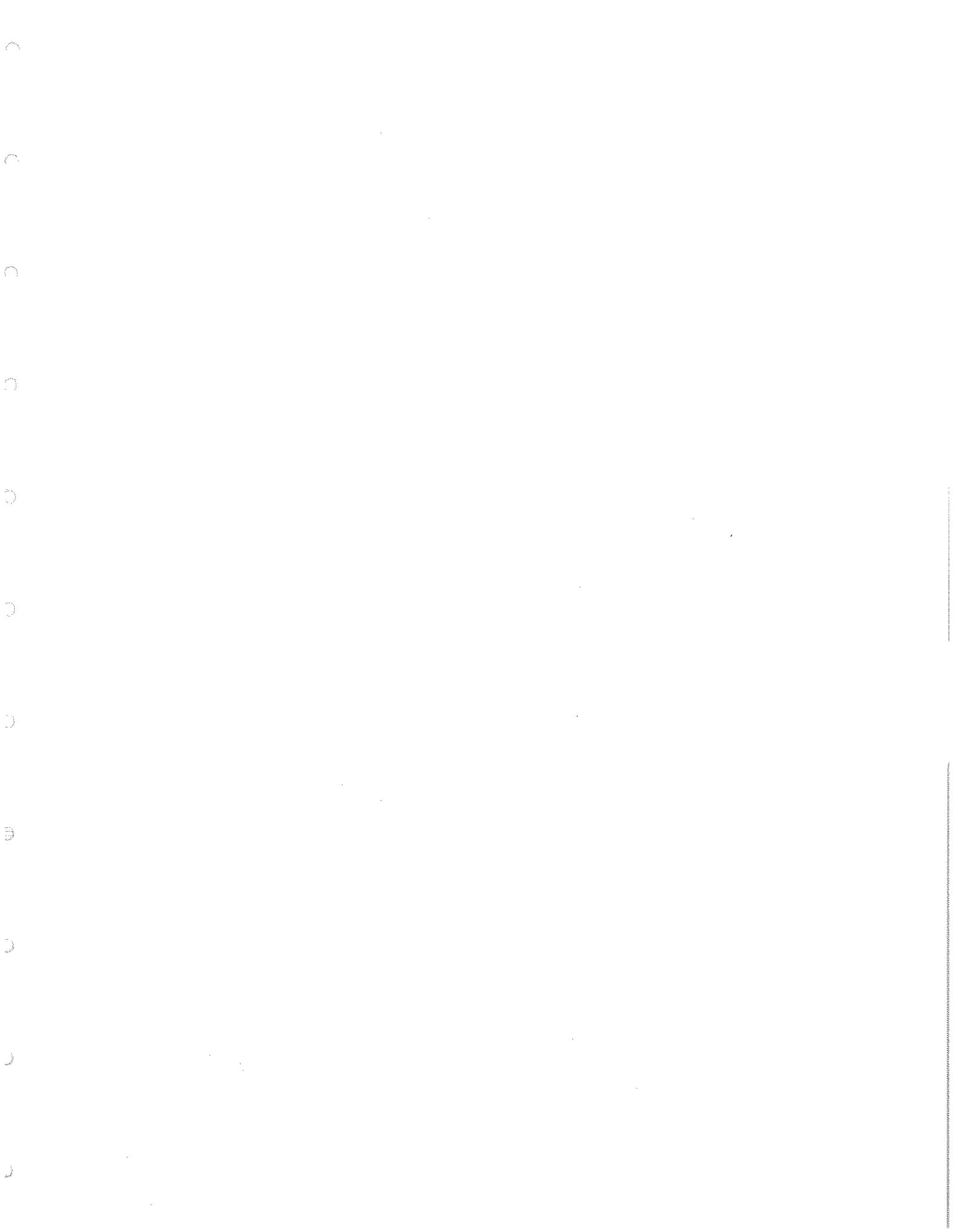
Based upon the sewer rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, Case No. 00-0399-PSD-CN, entered October 12, 2000, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Pentree Incorporated, Consulting Engineers, it is my opinion that such rates and charges from time to time in effect will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Green Valley-Glenwood Public Service District (the "Issuer"), will (i) pay all Operating Expenses of the System and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of the debt service on the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) (the "Series 2002 A Bonds") and the Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture) (the "Series 2002 B Bonds"), to be issued to the United States Department of Agriculture, Rural Utilities Service on the date hereof, and the Issuer's outstanding Sewer Revenue Bonds, Series 1987, Sewer Revenue Bonds, Series 1998 A, and Sewer Revenue Bonds, Series 1998 B (collectively, the "Prior Bonds").

It is further my opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such 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 Series 2002 A Bonds, the Series 2002 B Bonds and the Prior Bonds.

Very truly yours,



Jeffrey S. Feamster, CPA



WEST VIRGINIA:

At a regular session of the County Court, held for the County of Mercer, at the Courthouse thereof, on Monday, June 12th, 1961.

Present: Fred Thomason, President.

Present: Frank H. Gibson, Commissioner.

Present: Daniel T. Carr, Jr. Commissioner.

IN RE: CREATING THE GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

The County Court of Mercer County, West Virginia, met this day in regular session held this 12 day of June, 1961, at 10 A.M.,

"To consider a petition of residents and property owners of Beaver Pond and East River Districts, Mercer County, West Virginia, asking for the creation of 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 on the creation of a public service district in Beaver Pond and East River Districts, Mercer County, West Virginia, as set forth in said petition and to provide for the publication of a notice of such hearing."

The meeting was called to order and the roll being called there were present Fred Thomason, President, presiding, and the following named commissioners:

Frank Gibson, Daniel T. Carr, Jr.

And were absent: None.

Fred Thomason 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 public service district within Mercer 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. Frank Gibson seconded the motion and after due consideration the President put the question on the motion, and the roll being called the following voted:

Aye: Fred Thomason, Frank Gibson, Daniel T. Carr, Jr.

Nay: None.

Whereupon the President declared the motion duly carried and said resolution and order duly adopted on motion and vote.

Harold G. Farley,
Clerk

Fred Thomason,
President.

A RESOLUTION AND ORDER FIXING A DATE OF HEARING ON THE CREATION OF A PROPOSED PUBLIC SERVICE DISTRICT WITHIN MERCER 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 Mercer County, West Virginia, a petition to this County Court, for the creation of a Public Service District within Mercer 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 13-a of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed Public Service District:

NOW, THEREFORE, Be It and it is hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

Section 1. That the County Court of Mercer 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 Mercer 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 which petition has been signed by the legal voters resident within and owning real property within the limits of the proposed Public Service District, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13-a of Chapter 16 of the West Virginia Code.

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 "Green Valley-Glenwood Public Service District."

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

Beginning at a point of latitude N. 37° 20' and longitude W. 81° 10', thence west 0.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point; thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 miles to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. E. Kilam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles southwesterly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

(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 sewerage service and public water supply 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 13-a 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 July 10, 1961, at the hour of 10 o'clock A. M., this County Court shall meet in the County Court House at Princeton, 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 a 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 8. 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 June 30, 1961, in the Sunset News-Observer, a newspaper of general circulation published in Mercer County.

NOTICE OF PUBLIC HEARING ON CREATION OF
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Mercer County, West Virginia, and has been presented to the County Court of Mercer for the creation of a Public Service District within Mercer County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying sewerage services and garbage collection within said District and also outside said District to the extent permitted by law; to be named "Green Valley-Glenwood Public Service District", and having the following described boundaries:

Beginning at a point of latitude N. 37° 20' and longitude W. 81° 10', thence west 0.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence South 0.75 miles to a point, thence west 0.40 miles to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all with Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles south westerly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

All persons residing in or owning or having any interest in property in said proposed Public Service District are hereby notified that the County Court of Mercer County will conduct a public hearing on July 10, 1961, at 10 o'clock A. M., in the County Court House at Princeton, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court this day June 12, 1961.

Harold C. Farley,
County Court Clerk.

Adopted by the County Court June 12, 1961.

Fred Thomason,
President

ATTEST:

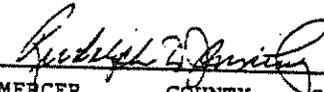
Harold C. Farley
Clerk.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1992.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA:

At an adjourned session of the County Court, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, July 10th, 1961.

Present:	Fred Thomason,	President.
Present:	Frank H. Gibson,	Commissioner.
Present:	Daniel T. Carr, Jr.	Commissioner.

IN RE: PUBLIC HEARING ON THE CREATION OF THE PROPOSED
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

This day, July 10, 1961, being the date fixed by prior action of the County Court for conducting a public hearing on the creation of the proposed Green Valley - Glenwood Public Service District, the President of the County Court announced that due to an error in the newspaper publication notice on June 30, 1961, the date of hearing was erroneously published as June 30, 1961, when in fact it should have appeared as July 10, 1961. Therefore, the Mercer County Court shall meet in the County Court House at Princeton, West Virginia, on July 24, 1961, at the hour of 10:00 o'clock A. M., 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 the proposed public service district.

The County Court Clerk is hereby authorized and directed to cause notice of such hearing to be published on July 14, 1961, in the Sunsat News-Observer, a newspaper of general circulation in Mercer County:

NOTICE OF PUBLIC HEARING ON CREATION OF GREEN VALLEY -
GLENWOOD PUBLIC SERVICE DISTRICT.

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Mercer County, West Virginia, and has been presented to the County Court of Mercer for the creation of a Public Service District within Mercer County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying sewerage services and garbage collection within said District and also outside said District to the extent permitted by law; to be named "Green Valley - Glenwood Public Service District", and having the following described boundaries:

Beginning at a point of latitude N. 37° 20' and longitude W. 81° 10'; thence west 0.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point; thence N. 59° E. 3.09 miles to a point; thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 miles to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Cares, Edison and New Hope, all withⁱⁿ Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon a map prepared by J. E. Kilam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles south westerly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

All persons residing in or owning or having any interest in property in said proposed Public Service District are hereby notified that the County Court of Mercer County will conduct a public hearing on July 24th, 1961, at 10 o'clock A. M. in

the County Court House at Princeton, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this day July 10th, 1961.

Harold C. Farley, County Court Clerk.

Adopted by the County Court July 10th, 1961.

Fred Thomason, President.

ATTEST:

Harold C. Farley, Clerk.

STATE OF WEST VIRGINIA,
COUNTY OF MERCER, ss:

I, HAROLD C. FARLEY, hereby certify that I am the duly qualified and acting Clerk of the County Court of Mercer County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of July 10th, 1961, and a resolution and order then adopted relating to the proposed creation of the Green Valley - Glenwood Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said court at Princeton, West Virginia, this July 10th, 1961.

(SEAL)

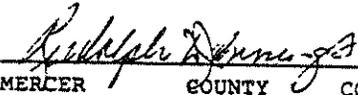
Harold C. Farley, County Court Clerk.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1992.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA:

At an adjourned session of the County Court, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, July 24th, 1961.

Present: Fred Thomason, President.

Present: Daniel T. Carr, Jr. Commissioner.

IN RE: GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Green Valley-Glenwood Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on June 12, 1961, and July 10, 1961, the President announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Daniel T. Carr, Jr., introduced and caused to be read a proposed resolu-

ution and order, entitled:

" A RESOLUTION AND ORDER creating Green Valley-Glenwood Public Service District in Mercer County, West Virginia."

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

Aye: Fred Thomason, Daniel F. Carr, Jr.

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

Daniel F. Carr, Jr. introduced and caused to be read a proposed resolution and order, entitled:

" A RESOLUTION AND ORDER appointing members to the Public Service Board of the Green Valley-Glenwood Public Service District,"

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

Aye: Fred Thomason and Daniel F. Carr, Jr.

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

Fred Thomason,
President.

Attest:

Harold C. Farley, Clerk.

A RESOLUTION AND ORDER CREATING GREEN VALLEY - GLENWOOD
PUBLIC SERVICE DISTRICT IN MERCER COUNTY, WEST VIRGINIA.

WHEREAS, the County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted June 12, 1961 and July 10, 1961, fix a date for a public hearing on the creation of the proposed Green Valley-Glenwood 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 and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt

a resolution and order creating said district;

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

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

BEGINNING at a point of latitude N. 37° 20' and longitude W. 81° 10', thence west 0.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 miles to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. E. Kilam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles southwesterly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

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

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the heretofore described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying sewerage services and garbage collection 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 July 24, 1961.

Fred Thomason

President.

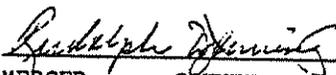
Attest:

Harold C. Farley, Clerk.

STATE OF WEST VIRGINIA,
COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1922.


MERCER COUNTY COMMISSION CLERK.

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, October 14th, 1963.

Present:	Fred Thompson,	President.
Present:	Frank Gibson,	Commissioner.
Present:	Daniel T. Carr, Jr.	Commissioner,

A RESOLUTION AND ORDER creating Green
Valley - Glenwood Public Service District
in Mercer County, West Virginia

WHEREAS, THE County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted on October 14, 1963, and fix November 5, 1963 for a public hearing on the creation of the proposed Green Valley - Glenwood 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 and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

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

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

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

Beginning at a point of latitude N. 37° 20' and longitude W. 81° 10', thence west 0.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 mile to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. H. Milam Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles south westerly along said highways from the corporate limites of the City of Princeton, and being a strip 0.15 miles wide.

Section 2. That said public service district so created shall have the name and corporate title of "Green Valley-Service Glenwood Public/District" and shall constitute a public corporation and political subdivision of the State of West Virginia.

having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water and sewerage services ~~and garbage collection~~ 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 November 5, _____, 19 63.

Frank Gibson Comr
President

Daniel J. Carr, Jr.
Comr

Attest:

Harold C. Farley
Clerk

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA:

At an adjourned session of the County Court, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, October 14th, 1963.

Present:	Fred Thomason,	President.
Present:	Frank H. Gibson,	Commissioner.
Present:	Daniel T. Carr, Jr.,	Commissioner.

IN RE: RE-CREATION OF THE GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

Whereas, there has heretofore been filed in the Office of the Clerk of the County Court of Mercer County, West Virginia, a petition to this County Court, for the creation of a Public Service District within Mercer County, West Virginia; and,

Whereas, said County Court Clerk has presented such petition to this County Court at a meeting held on June 12, 1961, and the County Court did declare that a meeting would be held on July 10, 1961, for the purpose of having a public hearing to determine if there should be a Public Service District created; and,

Whereas, the notice of said public hearing was erroneously published as June 30, 1961, when in fact it should have been published as July 10, 1961, and the Mercer County Court did decide there should be a meeting on July 24, 1961, for the purpose of having a public hearing to determine if such a Public Service District should be created and such notice was published in the Sunset News Observer, a newspaper of general circulation in Mercer County, West Virginia, on the 14th day of July, 1961; and,

Whereas, the said meeting was held on the 24th day of July, 1961, and the County Court of Mercer County did determine that such a Public Service District should be formed; and,

Whereas, such meeting was held more than 40 days from the 12th day of June, 1961, which is not in compliance with West Virginia Code, Chapter 16, Article 13A, and the Green Valley-Glenwood Public Service District has since that time been operating as a defacto organization; and

Therefore, the County Court of Mercer County, acting pursuant to West Virginia Code, Chapter 16, Article 13A, does hereby declare on its own motion that:

1. There will be a public hearing on the 5th day of November, 1963, at 10:00 A. M. in the County Court Room of Mercer County in Princeton, West Virginia, to determine if such a Public Service District should be created.

2. That the name of this proposed Public Service District shall be the Green Valley-Glenwood Public Service District.

3. That the proposed public Service District shall encompass the entire territory lying between the following described boundaries:

BEGINNING at a point of latitude N. 37° 20' and longitude W. 81° 10', thence West 0.18 miles to a point; thence N. 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point; thence S. 42° E. 0.95 miles crossing West Virginia State Route No. 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Routes 21, 19 and 460 to a point, thence South 0.75 miles to a point, thence West 0.40 miles to a point, thence South 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon a map prepared by J. H. Milan, Inc., 1214 Meyers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from the boundary any and all of the area belonging to the Princeton Municipal Airport.

There is further excepted and excluded an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles southwesterly along said

highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

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

5. 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 sewerage and public water supply within such territory to the extent permitted by law.

6. That on November 5, 1963, at the hour of 10:00 A.M., this County Court shall meet in the County Court Room, in the County Court House at Princeton, 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 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.

7. 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 October 15, 1963, in the Princeton Times, a newspaper of general circulation published in Mercer County.

**NOTICE OF PUBLIC HEARING ON CREATION OF
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.**

Notice is hereby given that there will be a public hearing to determine if there should be a public service district created within Mercer County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying ^{water,} sewerage service and garbage collection within said District and also outside said District to the extent permitted by law; to be named "Green Valley-Glenwood Public Service District", and having the following described boundaries:

BEGINNING at a point of latitude N. 37° 20' and longitude W. 81° 10'; thence West 0.18 miles to a point; thence N. 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route No. 20 to a point; thence N. 79° E. 0.60 miles crossing U. S. Routes 21, 19 and 460 to a point; thence South 0.75 miles to a point, thence West 0.40 miles to a point; thence South 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Routes 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon a map prepared by J. H. Milam, Inc., 1214 Meyers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from the boundary any and all of the area belonging to the Princeton Municipal Airport.

There is further excepted and excluded an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles southwesterly along said

highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Mercer County will conduct a public hearing on November 5, 1963, at 10 o'clock A.M. in the County Court House at Princeton, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court of Mercer County, this 14th day of October, 1963.

Harold C. Farley, COUNTY COURT CLERK.

Adopted by the County Court, October 14, 1963.

Fred Thomason, PRESIDENT.

ATTEST:

Harold C. Farley, CLERK.

.....

STATE OF WEST VIRGINIA,
COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1992.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, November 5th, 1963.

Present: Frank Gibson, Commissioner.

Present: Daniel T. Carr, Jr. Commissioner,

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Green Valley-Glenwood Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on October 14, 1963, the presiding/Commissioner announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Frank Gibson introduced and caused to be read a proposed resolution and order entitled:

"A RESOLUTION AND ORDER creating Green
Valley Glenwood Public Service District
in Mercer County, West Virginia"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution

WILLIAM S. WINFREY
ATTORNEY AT LAW
INCETON, WEST VIRGINIA

and order be adopted. Daniel T. Carr Jr. seconded the
motion and after due consideration the Presiding/put the question
on the motion and the roll being called the following voted:

Aye: Frank Gibson

Daniel T. Carr Jr.

Nay: None

Whereupon the Presiding/declared the motion duly
carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read
a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER adopting the
Actions of the Green Valley Glenwood
Public Service District, "which has been
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and moved that all rules otherwise requiring deferred considera-
tion or several readings be suspended and said proposed resoluti
and order be adopted. Daniel T. Carr Jr. seconded the motion
and after due consideration the Presiding/put the question on
the motion and the roll being called the following voted:

Aye: Frank Gibson

Daniel T. Carr Jr.

Nay: None

Whereupon the Presiding/declared the motion duly
carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read
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and moved that all rules otherwise requiring deferred considera-
tion or several readings be suspended and said proposed resoluti
and order be adopted. Daniel T. Carr Jr. seconded the motion
and after due consideration the Presiding/^{Commissioner}put the question on
the motion and the roll being called, the following voted:

Aye: Frank Gibson Frank Gibson, Com.
Daniel T. Carr Jr..

Nay: None

Whereupon the Presiding/^{Commissioner}declared the motion duly
carried and said resolution and order duly adopted.

~~On motion and voted the meeting adjourned.~~

ATTEST:

Harold C. Farley
Clerk

Frank Gibson, Com.
Daniel T. Carr Jr.
COMR

A RESOLUTION AND ORDER creating Green
Valley - Glenwood Public Service District
in Mercer County, West Virginia

WHEREAS, THE County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted on October 14, 1963, and fix November 5, 1963 for a public hearing on the creation of the proposed Green Valley - Glenwood 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 and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

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

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

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

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having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water and sewerage service ~~and garbage collection~~ 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 November 5, _____, 1963.

Frank Gibson
President

Daniel J. Carr, Jr.
Comr

Attest:

Harold C. Farley
Clerk

CERTIFICATE OF PUBLICATION

State of West Virginia,
County of Mercer,

To-wit:--

I, Margaret W. Tiller of the
Princeton Publishing Company Inc., a corporation, publisher of the Princeton
Times, a daily newspaper, published every morning, except Saturday, in the City
of Princeton, Mercer County, West Virginia, do certify that the notice
attached hereto under the caption;

NOTICE OF PUBLIC HEARING ON CREATION OF GREEN VALLEY
GLENWOOD PUBLIC SERVICE DISTRICT

Signed: Harold C. Farley, County Court Clerk
Fred Thomason, President

was published in the said newspaper 2 times

on the following days, namely; October 15, 16

in the year 1963

Publication Fee \$33.28

Subscribed and sworn to before me this 17th day of

October, 1963

My Commission expires 3 28, 1973

Bonnie Sue Kabin

Notary Public

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River, Magisterial Dis
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as shown upon a map
ed by J. H. Milam,
Meyers Avenue, Dunb
Virginia, dated July 27,

There is specifically
and excluded from

STATE OF WEST VIRGINIA,
COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the
County and State aforesaid, do hereby certify that the foregoing writing is a true and
correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of
March, 1998.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA:

At an adjourned session of the County Court, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, November 5th, 1963.

Present: Frank H. Gibson, Commissioner.

Present: Daniel T. Carr, Jr. Commissioner.

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Green Valley-Glenwood Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on October 14, 1963, the presiding Commissioner announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Frank Gibson introduced and caused to be read a proposed resolution and order entitled:

"A RESOLUTION AND ORDER creating Green Valley-Glenwood Public Service District in Mercer County, West Virginia".

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Daniel T. Carr, Jr., seconded the motion and after due consideration the presiding Commissioner put the question on the motion and the roll being called the following voted:

Aye: Frank Gibson
Daniel T. Carr, Jr.

Nay: None

Whereupon the presiding Commissioner declared the motion duly carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER adopting the Actions of the Green Valley-Glenwood Public Service District, "which has been operating de-facto"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Daniel T. Carr, Jr. seconded the motion and after due consideration the presiding Commissioner put the question on the motion and the roll being called the following voted:

Aye: Frank Gibson
Daniel T. Carr, Jr.

Nay: None

Whereupon the presiding Commissioner declared the motion duly carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the Public Service Board of the Green Valley-Glenwood Public Service District",

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Daniel T. Carr, Jr., seconded the motion and after due consideration the presiding Commissioner put the question on the

motion and the roll being called, the following voted:

Aye: Frank Gibson
Daniel T. Carr, Jr., --

Nay: None

Whereupon the presiding Commissioner declared the motion duly carried and said resolution and order duly adopted.

-- Frank Gibson, Comr

-- Daniel T. Carr, Jr. Comr

ATTEST:
Harold C. Farley,
CLERK.

A RESOLUTION AND ORDER CREATING GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT IN MERCER COUNTY, WEST VIRGINIA.

WHEREAS, the County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted on October 14, 1963, and fix November 5, 1963, for a public hearing on the creation of the proposed Green Valley-Glenwood 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 and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

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

NOW, THEREFORE, Be It and It is hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

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

BEGINNING at a point of latitude N. 37° 20' and longitude W. 81° 10', thence West 0.18 miles to a point, thence North 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence South 0.75 miles to a point, thence West 0.40 miles to a point, thence South 2.15 miles to a point; thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10'. thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any

and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles southwesterly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

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

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the heretofore described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying 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 November 5, 1963.

Frank Gibson Comr
Daniel T. Carr, Jr. Comr

ATTEST:

Harold C. Farley, Clerk.

"A RESOLUTION AND ORDER ADOPTING THE ACTIONS OF THE GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT "which has been operating defacto"

WHEREAS, there has heretofore been filed in the Office of the Clerk of the County Court of Mercer County, West Virginia, a petition to this County Court, for the creation of a Public Service District within Mercer County, West Virginia; and,

WHEREAS, said County Court Clerk has presented such petition to this County Court at a meeting held on June 12, 1961, and the County Court did declare that a meeting would be held on July 10, 1961, for the purpose of having a public hearing to determine if there should be a Public Service District created; and

WHEREAS, the notice of said public hearing was erroneously published as June 30, 1961, when in fact it should have been published as July 10, 1961, and the Mercer County Court did decide that there should be a meeting on July 24, 1961, for the purpose of having a public hearing to determine if such a Public Service District should be created and such notice was published in the Sunset News Observer, a newspaper of general circulation in Mercer County, West Virginia, on the 14th day of July, 1961; and,

WHEREAS, the said meeting was held on the 24th day of July, 1961, and the County Court of Mercer County did determine that such a Public Service District should be formed; and,

WHEREAS, such meeting was held more than 40 days from the 12th day of June, 1961, which is not in compliance with West Virginia Code, Chapter 16, Article 13A, and the Green Valley-Glenwood Public Service District has since that time been operating as a defacto organization; and

WHEREAS, Green Valley-Glenwood Public Service District has now become legally formed according to West Virginia Code, Chapter 16, Article 13A, and it is now deemed desirable by said County Court for the Green Valley-Glenwood Public Service District to adopt a resolution and order adopting the acts and deeds of said defacto Green Valley-Glenwood Public Service District;

NOW, THEREFORE, Be It and It Is hereby Resolved that the said acts and deeds of the Green Valley-Glenwood Public Service District defacto be adopted by the Green Valley-Glenwood Public Service District.

ADOPTED BY THE COUNTY COURT November 5, 1963.

— Frank Gibson Comr
Daniel T. Carr, Jr. Comr

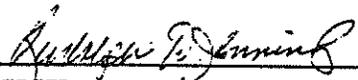
ATTEST:

Harold C. Farley, Clerk.

STATE OF WEST VIRGINIA,
COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1992.


_____ CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA;

At a regular session of the County Commission, held for the County of Mercer, at the Courthouse thereof, on Monday, September 14, 1992.

Present: Charles E. Lohr, President.

Present: Ray Bragg, Commissioner.

Present: John K. Rapp, Commissioner.

BEFORE
THE MERCER COUNTY COMMISSION OF WEST VIRGINIA

In re:

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
INGLESIDE ROAD BOUNDARY EXPANSION

PETITION FOR BOUNDARY CHANGE
INGLESIDE ROAD AREA

Pursuant to the provisions of W. Va. Code § 16-13A-2 (1991 Replacement Vol.), the Green Valley-Glenwood Public Service District petitions the County Commission of Mercer County to enlarge the boundary of the Green Valley-Glenwood Public Service District, (PSD), a public service district providing water and sewer service to certain residents of Mercer County, West Virginia:

1. The area to be included within the PSD is described in an attachment to this Petition described as "Petition Attachment I".

2. The purpose for the geographical expansion of the PSD is to provide water and sewer service to residents of the affected area of Mercer County.

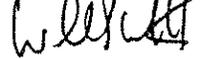
3. The expansion of the PSD is in the best interests of the affected citizens in the County and will in no way adversely affect the existing customers of the PSD.

4. The expansion of the PSD will provide increased services and eliminate the need for the creation of a new public service district in the affected area, which area is not currently served by a PSD.

Wherefore the Green Valley-Glenwood Public Service District prays that this Petition be filed, that a hearing be held on the Petition, and that the County Commission enlarge the boundaries of the Green Valley-Glenwood Public Service District

GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

BY COUNSEL



William S. Winfrey, II
Attorney at Law

1608 West Main Street
P.O. Box 1159
Princeton, WV 24740

304-487-1887

PETITION ATTACHMENT 1

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
INGLESIDE ROAD BOUNDARY EXPANSION
AUGUST 20, 1992

BEGINNING at a point of latitude N 37° 21' 21" and longitude W 81° 03' 28" on the existing line of the Oakvale Road Public Service District; thence with said District's boundary line N 56° 05' W 0.89 miles to a point just south of US Route 460; thence leaving boundary line of Oakvale Road P.S.D. and running S 75° 40' W 1.52 miles crossing County Route 27/1 to a point; thence S 22° W 0.42 miles to a point in the existing boundary line of the Green Valley-Glenwood Public Service District; thence with District's boundary line S 90° W 0.4 miles to a point; thence S 0° E 2.15 miles; thence S 54° W 2.28 miles to a point on Stony Ridge; thence leaving said District's boundary line and running along Stony Ridge N 74° E 4.60 miles to a point just west of Interstate 77; thence N 4° W 1.77 miles crossing County Route 27/6 to a point just west of Interstate 77; thence N 23° 17' E 0.79 miles to the BEGINNING and containing 8.44 square miles.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA;

At a regular session of the County Commission, held for the County of Mercer, at the Courthouse thereof, on Monday, September 14, 1992.

Present:	Charles E. Lohr,	President.
Present:	Ray Bragg,	Commissioner.
Present:	John K. Rapp,	Commissioner.

BEFORE
THE MERCER COUNTY COMMISSION OF WEST VIRGINIA

In re:

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
ROUTE 20 BOUNDARY EXPANSION

PETITION FOR BOUNDARY CHANGE
STONY RIDGE AREA

Pursuant to the provisions of W. Va. Code § 16-13A-2 (1991 Replacement Vol.), the Green Valley-Glenwood Public Service District petitions the County Commission of Mercer County to enlarge the boundary of the Green Valley-Glenwood Public Service District, (PSD), a public service district providing water and sewer service to certain residents of Mercer County, West Virginia:

1. The area to be included within the PSD is described in an attachment to this Petition described as "Petition Attachment I".

2. The purpose for the geographical expansion of the PSD is to be positioned to supply water and sewer to residents in the affected area of Mercer County.

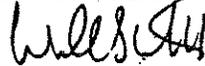
3. The expansion of the PSD is in the best interests of the affected citizens in the County and will in no way adversely affect the existing customers of the PSD.

4. The expansion of the PSD will provide increased services and eliminate the need for the creation of a new public service district in the affected area, which area is not currently served by a PSD.

Wherefore the Green Valley-Glenwood Public Service District prays that this Petition be filed, that a hearing be held on the Petition, and that the County Commission enlarge the boundaries of the Green Valley-Glenwood Public Service District.

GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

BY COUNSEL



William S. Winfrey, II
Attorney at Law

1608 West Main Street
P.O. Box 1159
Princeton, WV 24740

304-487-1887

PETITION ATTACHMENT I

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
ROUTE 20 BOUNDARY EXPANSION
AUGUST 20, 1992

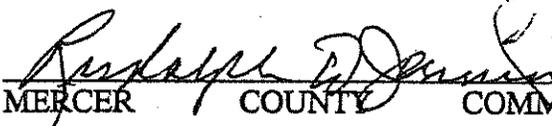
BEGINNING at a point of latitude N 37° 20' and longitude W 81° 10' on the existing boundary line of the Green Valley-Glenwood Public Service District; thence with said District's boundary line S 90° W 0.18 miles to a point; thence N 0° E 1.00 miles crossing State Route 20 to a point; thence N 59° E 3.09 miles to a point; thence leaving said District's boundary line and running S 75° 30' W 4.74 miles to a point on ridge of Black Oak Mountain; thence S 0° E 0.92 miles crossing County Route 71/13 to a point; thence S 48° 30' W 1.50 miles to a point; thence S 17° 30' E 2.36 miles crossing State Route 20 to a point; thence S 60° 32' E 0.77 miles crossing State Route 123 to a point on Stony Ridge; thence N 66° 04' E 0.48 miles to a point; thence N 75° 05' E 2.78 miles crossing US Route 460 to a point in the existing boundary line of the Green Valley-Glenwood Public Service District; thence with said District's boundary line N 82° W 0.98 miles crossing US Route 460, and County Routes 19/33 and 25 to a point; thence N 0° E 2.38 miles crossing State Route 123 to the BEGINNING and containing an area of 13.53 square miles.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA;

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, October 6, 1992.

Present:	Charles E. Lohr,	President.
Present:	Ray Bragg,	Commissioner.
Present:	John K. Rapp,	Commissioner.

In re:

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

On October 6, 1992, came the Petitioner Green Valley-Glenwood Public Service District by Eugene L. Price, its General Manager. Also came Robert Hazelwood, P.E., representing Pentree, Inc., the engineering firm representing the District and William S. Winfrey, II, counsel for the District. This matter came on for public hearing upon a Notice of Public Hearing published one time in the Bluefield Daily Telegraph, a copy of which Notice is attached to this Order.

Whereupon the Commission received the representations of counsel and of the District concerning this Petition. There being no opposition from members of the public and it appearing proper, it is therefore ORDERED that the boundary of Green Valley-Glenwood Public Service District be enlarged to include the following described property situate in East River and Beaver Pond Districts, Mercer County, West Virginia:

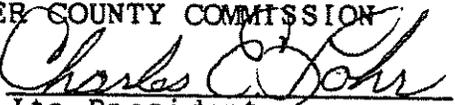
BEGINNING at a point of latitude N. 37° 21' 21" and longitude W. 81° 03' 28" on the existing line of the Oakvale Road Public Service District; thence with said District's boundary line N. 56° 05' W. 0.89 miles to a point just south of US Route 460; thence leaving boundary line of Oakvale Road P.S.D. and running S. 75° 40' W. 1.52 miles crossing County Route 27/1 to a point; thence S. 22° W. 0.42 miles to a point in the

existing boundary line of the Green Valley-Glenwood Public Service District; thence with District's boundary line S. 90° W. 0.4 miles to a point; thence S. 0° E. 2.15 miles; thence S. 54° W. 2.28 miles to a point on Stony Ridge; thence leaving said District's boundary line and running along Stony Ridge N. 74° E. 4.60 miles to a point just west of Interstate 77; thence N. 4° W. 1.77 miles crossing County Route 27/6 to a point just west of Interstate 77; thence N. 23° 17' E. 0.79 miles to the BEGINNING and containing 8.44 square miles.

Dated this 6th day of October, 1992.

MERCER COUNTY COMMISSION

BY:


Its President

CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, } To-wit:—
Shirley Smith

I, _____ of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph
One (1) Times

on the following days, namely: Sept. 26th

in the year 19 92

Publication Fee \$28.75

Shirley Smith

Subscribed and sworn to before me this 28th day of

September 19 92

My Commission expires Feb. 20 19 92

Ruth J. Stopper

Notary Public

NOTICE OF HEARING
GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT
REQUEST FOR BOUNDARY CHANGE

Please take notice that Green Valley-Glenwood Public Service District shall bring on a public hearing before the County Commission of Mercer County on October 6, 1992 at 10:00 a.m. a Petition to enlarge the boundaries of the Green Valley-Glenwood Public Service District, which enlarged boundary is situated in Bass River and Beaver Point District, Mercer County, West Virginia, and more particularly bounded and described as follows:

BEGINNING at a point of latitude N. 37 degrees 21' 21" and longitude W. 87 degrees 03' 28" on the existing line of the Oakvale Road Public Service District; thence with said District's boundary line N. 56 degrees 03' W. 0.89 miles to a point just south of US Route 400; thence leaving boundary line of Oakvale Road P.S.D. and running S. 75 degrees 40' W. 1.52 miles crossing County Row 2711 to a point; thence S. 22 degrees W. 0.42 miles to a point in the existing boundary line of the Green Valley-Glenwood Public Service District; thence with District's boundary line S. 3 degrees W. 0.4 miles to a point; thence S. 0 degrees E. 2.15 miles; thence S. 54 degrees W. 2.22 miles to a point on Stony Ridge; thence leaving said District's boundary line and running along Stony Ridge; N. 74 degrees E. 0.50 miles to a point just west of Interstate 77; thence N. 24 degrees W. 1.77 miles crossing County Row 2711 to a point just west of Interstate 77; thence N. 13 degrees 17' E. 0.79 miles to the BEGINNING and containing 8.44 square miles.

The purpose of the expansion is to allow the District to provide water and possibly sewer service to the Ingleside Road area of Mercer County.

Any person having comments, questions or wishes to speak in favor of or in opposition to the boundary change should appear at that place and time.

GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

BY COUNSEL
William S. Wimfey, II
Attorney at Law
1608 West Main Street
P.O. Box 1159
Princeton, WV 24740
304-4887-1887

My Commission Expires Feb. 20, 1995

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.


MERCER COUNTY COMMISSION CLERK

WEST VIRGINIA;

At an adjourned session of the County Commission, continued and held for
the County of Mercer, at the Courthouse thereof, on Tuesday, October 6, 1992.

Present: Charles E. Lohr, President.

Present: Ray Bragg, Commissioner.

Present: John K. Rapp, Commissioner.

CERTIFICATE OF PUBLICATION

State of West Virginia, } To-wit:—
County of Mercer, }
Shirley Smith

I, _____ of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph
One (1) _____ Time

on the following days, namely: Sept. 26th

in the year 19 92

Publication Fee \$31.63

Shirley Smith

Subscribed and sworn to before me this 28th day of

September 19 92

My Commission expires Feb 20 19 95

Ruth J. Stopper

Notary Public

NOTICE OF HEARING
GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT
REQUEST FOR BOUNDARY CHANGE

Please take notice that Green Valley-Glenwood Public Service District shall bring on for public hearing before the County Commission of Mercer County on October 6, 1992, at 10:00 AM, a Petition to enlarge the boundaries of the Green Valley-Glenwood Public Service District, which enlarged boundary is situated in Beaver Pond District, Mercer County, West Virginia, and more particularly bounded and described as follows:

BEGINNING at a point of latitude N. 37 degrees 20' and longitude W. 81 degrees 10' on the existing boundary line of the Green Valley-Glenwood Public Service District; thence with Black District's boundary line S. 90 degrees W. 0.18 miles to a point; thence N. 0 degrees E. 1.00 miles crossing State Route 20 to a point; thence N. 59 degrees E. 3.09 miles to a point; leaving said District's boundary line and running S. 75 degrees 30' W. 4.74 miles to a point on the ridge of Black Oak Mountain; thence S. 0 degrees E. 0.92 miles crossing County Route 71A to a point; thence S. 48 degrees 30' W. 1.50 miles to a point; thence S. 17 degrees 30' E. 2.36 miles crossing State Route 20 to a point; thence S. 60 degrees 32' E. 0.77 miles crossing State Route 123 to a point on Stony Ridge; thence N. 66 degrees 04' E. 0.48 miles to a point; thence N. 75 degrees 05' E. 2.78 miles crossing US. Route 460 to a point in the existing boundary line of the Green Valley-Glenwood Public Service District; thence with said District's boundary line N. 32 degrees W. 0.98 miles crossing US. Route 460 and County Routes 19/33 and 25 to a point; thence N. 0 degrees E. 2.38 miles crossing State Route 123 to the BEGINNING and containing an area of 13.53 square miles.

The purpose of the expansion is to allow District to be positioned to provide water and sewer service to the Route 20 area of Mercer County.

And person having comments, questions or wishes to speak in favor of or in opposition to the boundary change should appear at that place and time.

GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT
BY COUNSEL
William S. Windfrey, II
Attorney at Law
1608 West Main Street
P.O. Box 1159
Princeton, WV 24740



STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.

 CLERK
MERCER COUNTY COMMISSION

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 18, 1993

CASE NO. 92-0652-PWD-CN (Reopened)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, a public utility, Mercer County. Petition to reopen certificate application and for approval of revised financing incidental thereto.

CASE NO. 93-0948-PWD-PC

MERCER COUNTY COMMISSION. Petition for permission to expand boundaries of Green Valley-Glenwood Public Service District.

RECOMMENDED DECISION

CASE NO. 92-0652-PWD-CN (Reopened)

On October 12, 1993, Green Valley-Glenwood Public Service District, a public utility, Mercer County, West Virginia, filed a petition with the Commission seeking to reopen this certificate application for the purpose of accepting an additional grant from the Farmers Home Administration to be used to upgrade the water facilities of said District.

Bids on the project in question will expire on November 30, 1993, therefore, the District requested an expedited schedule for this petition.

CASE NO. 93-0948-PWD-PC

On October 18, 1993, the Mercer County Commission filed a petition with the Commission seeking the approval of an expansion of boundaries for Green Valley-Glenwood Public Service District to accommodate the system extension previously authorized in Case No. 92-0652-PWD-CN.

Consolidated Cases:

By Commission Order entered November 3, 1993, these cases were consolidated and referred to the Division of Administrative Law Judges for further proceedings with a decision due date on or before November 23, 1993.

Under West Virginia Code §16-13A-2, the Public Service Commission is required to provide a hearing in the affected county anytime a County Commission petitions to expand the boundaries of a public service

District. Consequently, by Procedural Order entered November 5, 1993, these consolidated cases were scheduled for hearing in Princeton, Mercer County, on November 12, 1993. This order also required publication of a prepared Notice of Hearing for public legal notice of these proceedings, as well as the opportunity to file written objections, protests, or comments concerning these matters.

On November 9, 1993, a duly executed Certificate of Publication was filed with the Commission demonstrating that the prepared Notice of Hearing had been properly published for public legal notice on November 8, 1993, in the Bluefield Daily Telegraph, a newspaper, qualified by the Secretary of State, published and of general circulation in Mercer County, all in compliance with the Procedural Order of November 5, 1993. As of the date of this recommended decision, no written objections, protests or comments have been filed with the Commission.

Previously, on October 28, 1993, the Staff of the Public Service Commission filed its Internal Memorandum in this matter confirming that, by Amendment No. 1, dated September 30, 1993, to the original Farmers Home Administration Letter of Conditions for this project, dated July 22, 1992, an additional grant of \$181,000 would be provided for this project. The District's rates and charges approved in the original certificate case will not be increased as a result of the additional financing because it is an outright grant. As a result, Staff recommends approval of the District's request to accept the FmHA/RDA Grant in the amount of \$181,000 in order to fully fund its previously approved project, in a total amount not to exceed \$1,121,000.

By an Initial and Final Joint Staff Memorandum filed November 10, 1993, the Staff reported on its analysis of the boundary expansion of the District. The expansion was required as a condition of the original certificate case, and would not infringe on any other public water or sewer utility's service territory. All necessary easements and rights-of-way were already acquired during preparation for the preceding certificate case. The Mercer County Commission's formal Order enlarging and describing the new boundaries of the District has been reviewed and approved as well. Consequently, Staff recommends approval of this expansion of the Green Valley-Glenwood Public Service District as proposed by the County Commission.

The hearing convened as scheduled with all interested parties in attendance. The District was represented by its attorney William S. Winfrey, II. The Staff of the Public Service Commission was represented by Staff Attorney Drexel M. Vealey. Although both attorneys reiterated the previous formal filings in these consolidated cases, including Staff's recommendations, no member of the public made any statement in opposition to the proposed boundary expansion or increased grant funding for the project. The only public inquiry was from an expectant new customer who wanted to know when his service would be installed under the District's project. Due to the extremely tight time frame in this case, an expedited transcript was ordered. On November 16, 1993, an accurate transcript consisting of nine pages of discussion was filed with the Commission. Both the District and the Staff indicated at hearing that post-hearing briefs would be waived.

DISCUSSION

Both of these cases are "housekeeping" proceedings necessitated by the circumstances resulting from the original Case No. 92-0652-PWD-CN, in which the District was granted a certificate of convenience and necessity for its proposed project in the Ingleside Road area of the East River and Beaver Pond Districts of Mercer County. The Recommended Decision in that case required that the District's boundaries be expanded to encompass the total area of the new project. The Mercer County Commission's Order entered pursuant to proper public notice on October 5, 1992, is in compliance with the conditions of that Recommended Decision and, therefore, on the recommendation of Commission Staff and in the absence of public protest or objection, will be approved.

Additionally, when the actual construction bids were received for this project, they were in excess of the amount approved in Case No. 92-0652-PWD-CN and then available to fund this project. Fortunately, the needed extra funding was made available to the District in the form of a FmHA/RDA Grant of \$181,000. Obviously the additional grant funding will not cause an increase in the debt service and operating revenue requirements of the approved project and, therefore, will be approved for inclusion in the financing package available for this project.

FINDINGS OF FACT

1. On October 12, 1993, Green Valley-Glenwood Public Service District, a public utility, Mercer County, West Virginia, filed a petition with the Commission seeking to reopen this certificate application for the purpose of accepting an additional grant from the Farmers Home Administration to be used to upgrade the water facilities of said District. (See, petition filed October 12, 1993).
2. On October 18, 1993, the Mercer County Commission filed a petition with the Commission seeking the approval of an expansion of boundaries for Green Valley-Glenwood Public Service District to accommodate the system extension previously authorized in Case No. 92-0652-PWD-CN. (See, petition filed October 18, 1993).
3. Pursuant to a proper Notice of Hearing published on November 8, 1993, in The Bluefield Daily Telegraph, a newspaper, qualified by the Secretary of State, published and of general circulation in Mercer County, a public hearing was held in these consolidated cases on November 12, 1993. (See, Procedural Order entered November 5, 1993, and Certificate of Publication filed November 9, 1993).
4. No protests, objections or public comments have been filed in opposition to either of these consolidated cases nor did any person appear at hearing in opposition to these petitions. (See, Commission case file generally, Transcript p. 5).
5. The Staff of the Public Service Commission has reviewed the request of the District to accept an additional Farmers Home Administration Grant of \$181,000 to complete the necessary financial package for the

strict's approved project and has recommended that it be approved. See, Staff Internal Memorandum filed October 28, 1993).

6. The Staff of the Public Service Commission has reviewed the request of the Mercer County Commission to expand the boundaries of the Green Valley-Glenwood Public Service District as required by the Recommended Decision in Case No. 92-0652-PWD-CN, and recommends approval of the new expanded boundaries for the District. (See, Initial and Final Joint Staff Memorandum filed November 10, 1993).

CONCLUSIONS OF LAW

1. Under the facts and circumstances of Case No. 92-0652-PWD-CN (Reopened), and upon the recommendation of Commission Staff, it is reasonable, fair, expedient and efficient to grant the request of the District and approve inclusion of the additional \$181,000 grant from the Farmers Home Administration in the previously approved financing for this project, not to exceed the new total budget of \$1,121,000.

2. Pursuant to West Virginia Code §16-13A-1, the Public Service Commission is required to conduct a hearing in the affected county anytime a County Commission petitions to expand the boundaries of a public service district.

3. Under the facts and circumstances of Case No. 93-0948-PWD-PC and upon the recommendation of Commission Staff, it is reasonable, fair, expedient and efficient to approve the expanded boundaries of the Green Valley-Glenwood Public Service District as required and described in the formal Order of the Mercer County Commission issued October 6, 1992.

ORDER

IT IS, THEREFORE, ORDERED that the request of the Green Valley-Glenwood Public Service District filed October 12, 1993, to reopen Case No. 92-0652-PWD-CN and amend the financing approved therein to include an additional Farmers Home Administration Grant of \$181,000, shall be, and hereby is, granted.

IT IS FURTHER ORDERED that the formal Order of the Mercer County Commission issued October 6, 1992, expanding the boundaries of the Green Valley-Glenwood Public Service District, shall be, and hereby is, approved as set out and described therein, to be effective on the date this recommended decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that these matters shall be removed from the Commission's docket of open cases.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and 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.

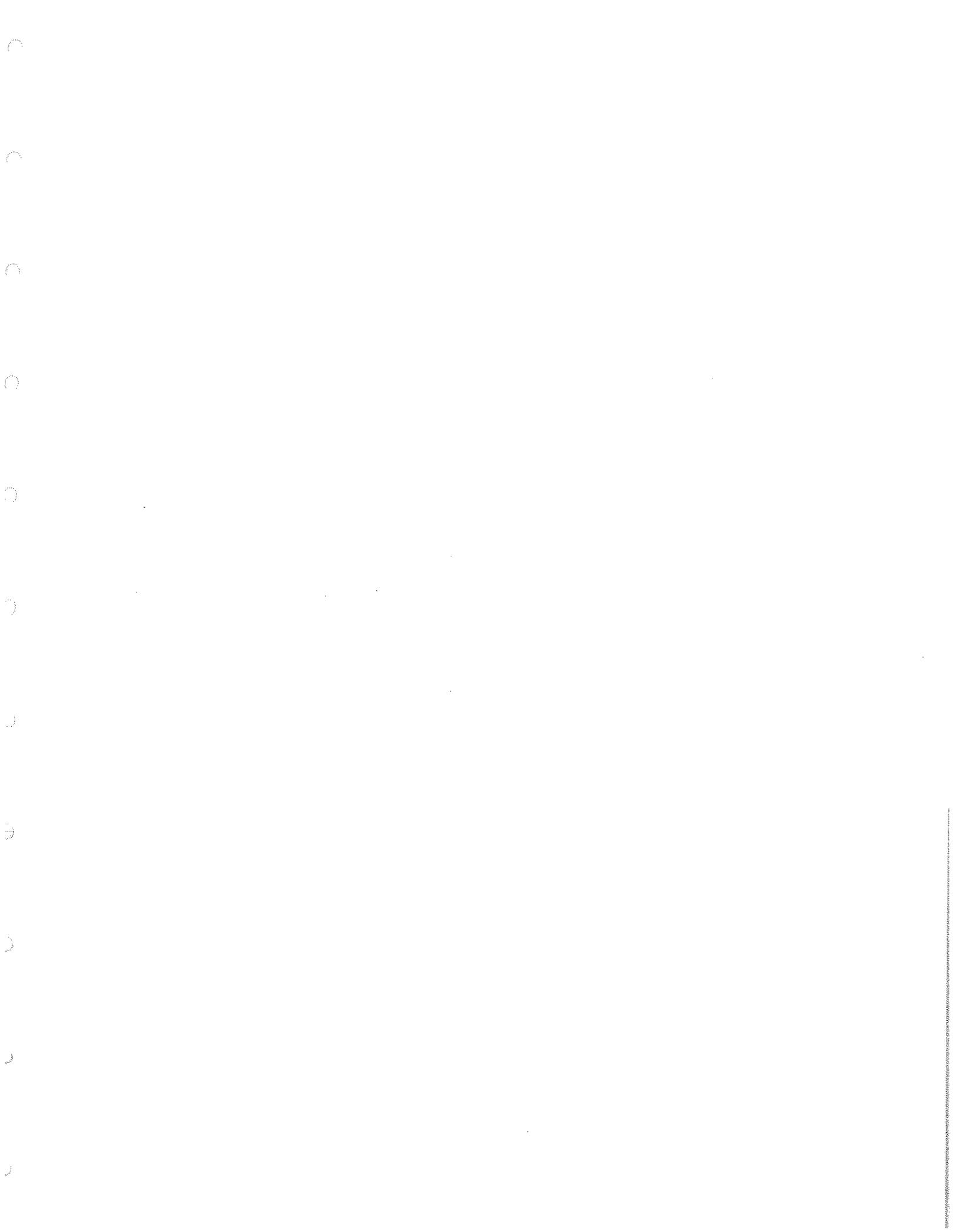
If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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.



Thomas N. Trent
Administrative Law Judge

TNT:mal



WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, November 8, 1999.

Present: John P. Anderson, President.

Present: Joe Coburn, Commissioner.

Present: Karen Disibbio, Commissioner.

RE: APPOINTMENT – GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

This day on motion of Joe Coburn, Commissioner, seconded by Karen Disibbio, Commissioner, the Commission unanimously the following to serve as a Members of the Green Valley-Glenwood Public Service District.

Jimmy Welch – re-appointed for six (6) year term – 11-1-99 to 11-1-05

Greg Wimmer – re-appointed for six (6) year term – 11-1-98 to 11-1-04

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, October 9, 2001.

Present: Joe Coburn, President.

Present: John P. Anderson, Commissioner.

Present: Karen Disibbio, Commissioner.

RE: APPOINTMENT – GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

This day on motion of Karen Disibbio, Commissioner, seconded by John P. Anderson, Commissioner, the Commission unanimously re-appointed James H. Carter, Jr. as a Member of the Green Valley-Glenwood Public Service District, term to begin November 1, 2001, and end October 31, 2007.

**GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WEDNESDAY – JANUARY 10, 2001 – 1:00 PM
MAIN OFFICE – MAPLE ACRES
BOARD MEETING MINUTES**

Chairman called meeting to order at 1:00 PM.

Those in attendance were: Jimmy Welch, Chairman, Gregory Wimmer, Treasurer, James Carter, Marty Mariotti, General Manager, Dwayne Ernest, Manager Wastewater Treatment Plant, John Poole, Manager Outside Operations, Faye Cregger, Secretary, and William S. Winfrey, Attorney.

1. Motion by Gregory Wimmer, seconded by James Carter, and carried to approve minutes of December 28, 2000 board meeting.
2. ELECTION OF OFFICERS: Motion by Gregory Wimmer, seconded by James Carter to reappoint Jimmy Welch as Chairman of Board.
Motion by James Carter, seconded by Jimmy Welch to reappoint Gregory Wimmer as Treasurer.
Motion by Gregory Wimmer, seconded by James Carter to reappoint Faye Cregger as Secretary.
3. Mr. Mariotti reported to board that owners of Village Green Mobile Home Park had contacted him, and they were not satisfied with patchwork done on driveway in park after removal of lift stations. Compton Construction is to be notified.
4. Mr. Mariotti reported to board problem with ice fishing again at James P. Bailey Lake. There was a discussion of DNR rules of not being able to control problem. It was suggested to contact Sign Company to install sign big enough not to be destroyed by fishermen.
5. Mr. Winfrey reported to board that Najar alternate agreement had been approved by PSC.
6. It was reported to board that a billing error had occurred when new sewer rate structure had been installed for September billing. Office Manager discovered error, and it was agreed by board to not make adjustments to past four bills. Nancy Blankenship, who is responsible for preparing monthly bills, corrected problem.
7. Board reviewed and discussed report on Wastewater Treatment Plant operations prepared by Dwayne Ernest. (See attached) Board also reviewed DEP report prepared by Carroll Vestal. (See attached)



OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

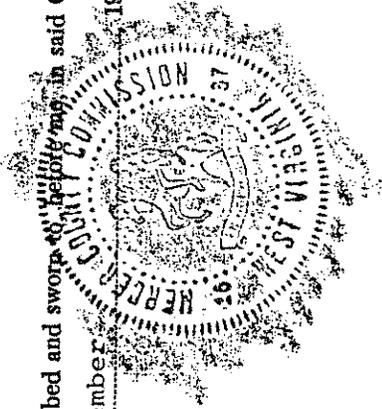
COUNTY OF MERCER, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member - Green Valley-Glenwood Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) *Jimmy Welch*
Jimmy Welch

Subscribed and sworn to before me in said County and State, this 17th day of November, 1999



Rudolph P. Jennings
RUDOLPH P. JENNINGS, CLERK
MERCER COUNTY COMMISSION

OATH OF OFFICE AND CERTIFICATE

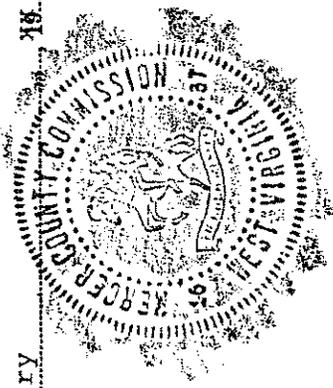
STATE OF WEST VIRGINIA
COUNTY OF MERCER, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of
Member - Green Valley-Glenwood Public Service District

to the best of my skill and judgment, so help me God.

Gregory L. Wimmer
(Signature of affiant)
Gregory L. Wimmer

Subscribed and sworn to, before me, in said County and State, this 3rd day of
January 2000



Rudolph D. Jennings
RUDOLPH D. JENNINGS, CLERK
MERCER COUNTY COMMISSION

BOOK 10 PAGE 102

OATH OF OFFICE AND CERTIFICATE

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member - Green Valley-Glenwood Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) *James H. Carter, Jr.*
James H. Carter, Jr.

Subscribed and sworn to before me in said County and State, this 30th day of November 2001



Rudolph D. Jennings
RUDOLPH D. JENNINGS, CLERK
MERCER COUNTY COMMISSION

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

I, RUDOLPH D. JENNINGS, Clerk of the County Commission



RULES OF PROCEDURE

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Route 6, Box 14, Princeton, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Green Valley-Glenwood Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Mercer County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Mercer County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Green Valley-Glenwood Public Service District will meet in special session on _____, at _____ .m., prevailing time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of \$ _____, to provide funds for construction of _____ facilities of the District.

2.

Secretary

Date: _____

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him 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 him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

10/29/92
GREENJ.D2
35455/92001

**NOTICE
GREEN VALLEY-GLENWOOD PUBLIC
SERVICE DISTRICT**

MERCER COUNTY, WEST VIRGINIA
NOTICE IS HEREBY GIVEN to the residents of the Green Valley-Glenwood Public Service District (the "District"), Mercer County, West Virginia, that the District intends to acquire, construct, operate and maintain certain public service properties, consisting of (1) upgrading the existing wastewater treatment plant, (2) upgrading existing wastewater collection system facilities, (3) constructing wastewater collection system facilities to serve the Bulltail Hollow and Ceres Hollow areas, and (4) constructing an office (the "Project") in the District.

The District contemplates financing the Project through the issuance of Sewer Revenue Bonds or local bank notes in the aggregate principal amount estimated not to exceed \$2,800,000 bearing an interest rate not to exceed 4.5% per annum and with maturities not to exceed 40 years, and a Rural Utilities Service grant of \$1,200,000. The estimated cost of the Project is \$4,000,000.

The anticipated rates which will be charged by the District for sewer service are estimated not to exceed the following:

- Sewer Rates (Based on Water Usage):
- First 2,000 gallons at \$6.82 per 1000 gallons
- Next 2,000 gallons at \$6.42 per 1000 gallons
- Next 6,000 gallons at \$5.38 per 1000 gallons
- Next 90,000 gallons at \$4.65 per 1000 gallons
- Over 100,000 gallons at \$3.93 per 1000 gallons
- Minimum Charge: The above charge is subject to a minimum monthly charge of \$13.64 (Based on 2,000 gallons).

Unmetered Charge: (Based on 4,000 gallons) \$25.38 Per Month for Residential

Landfill Leachate Charge: The landfill leachate charge shall be \$6.82 per 1000 gallons.

Surface or Ground Water Surcharge: Where evidence of a violation exists, a surcharge to the customer may be added in accordance with Public Service Commission Rule 5.4.19.

Formula for Calculating the Surcharge for Rain and Surface Water:

$S = A \times R \times 0.0006233 \times C$, where
 S=Surcharge in Dollars
 A=Area Draining into District's Collection System in Square Feet
 R=Rainfall in Inches
 C=Approved Sewer Charge (\$6.82 per 1000 gallons)

Delayed Payment Penalty: The above tariff is net. On all current billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed penalty is not interest and is to be collected once each bill where it is appropriate.

Preconstruction Connection Charge: In the "Project", the connection charge shall be one hundred dollars (\$100.00) for all customers requesting service prior to the beginning of construction. After construction begins, the connection charge will be three hundred dollars (\$300.00) will be charged.

Connection Charge: A fee of three hundred dollars (\$300.00) will be charged for each new connection to the system.

Water Disconnect-Reconnect Fees: When water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$25.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of \$25.00 shall be charged.

Bad Checks-Returned Checks: If a check received is returned by the bank for any reason, the bank's charge to the Green Valley-Glenwood Public Service District shall be paid by the customer with a bad check, up to a maximum charge of \$15.00.

On March 11, 2000, or as soon thereafter as practicable, the District will file its formal application for a Certificate of Public Convenience and Necessity for the financing of the Project with the Public Service Commission of West Virginia.

J.W. Welch, Chairman
 Chairman, Public Service board
 Green Valley-Glenwood Public Service District

CERTIFICATE OF PUBLICATION

State of West Virginia, }
 County of Mercer, } To-wit:—

I, Kay Chinsolo of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph

Two (2) Times

on the following days, namely: February 10, February 17

in the year ~~19~~ 2000

Publication Fee \$122.87

Kay Chinsolo

Subscribed and sworn to before me this 17th day of

February ~~XX~~ 2000.

My Commission expires 10/21 ~~19~~ 2007

Corne E Burnett
 Notary Public

E
 1007

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)

MINUTES ON ADOPTION OF
BOND RESOLUTION

The undersigned, SECRETARY of the Public Service Board of Green Valley-Glenwood Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Green Valley-Glenwood Public Service District met in special session, pursuant to notice duly posted, on the 2nd day of January, 2002, at the District's offices, 2387 Maple Acres Road, Bluefield, Mercer County, West Virginia, at the hour of 10:00 a.m.

PRESENT: Jimmy W. Welch, Gregory L. Wimmer, James Carter, Faye Cregger, John Stump and Karrie Mattox.

ABSENT: NONE

Jimmy W. Welch, Chairman, presided, and Faye Cregger 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 Board held its organizational meeting for the calendar year of 2002. The officers are as follows:

Chairman	-	Jimmy W. Welch
Treasurer	-	Gregory L. Wimmer
Secretary	-	Faye Cregger

Thereupon, Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM AND ALL APPURTENANT FACILITIES OF THE DISTRICT, AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$950,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 4th day of January, 2002.


Secretary

12/31/01
354550/98004

NOTICE OF PUBLIC MEETING OF THE
PUBLIC SERVICE BOARD OF
GREEN VALLEY-GLENWOOD PUBLIC
SERVICE DISTRICT

A special meeting of the Public Service Board of Green Valley-Glenwood Public Service District (the "District") will be held to consider for adoption the following entitled Resolution and to take such other action as necessary in relation thereto, on Wednesday, January 2, 2002, at 11:00 a.m., prevailing time, at the District's offices at 2387 Maple Acres Road, Bluefield, Mercer County, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM AND ALL APPURTENANT FACILITIES OF THE DISTRICT, AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquiring and constructing certain additions, improvements and extensions to the existing sewerage facilities of the District and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the District.

At the meeting the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: December 14, 2001.

/s/ Faye Cregger
Secretary

CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, } To-wit:—

I, Pamela J. Thompson of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph
One (1) Times

on the following days, namely; 12-20-01

in the year ~~18~~-2001

Publication Fee \$47.44

Pamela J. Thompson

Subscribed and sworn to before me this 20th day of

December ~~18~~ 2001

My Commission expires Dec 16 19 2008

Deena White

Notary Public

10342 / x 6 1/4

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: January 4, 2002

ISSUE: Green Valley-Glenwood Public Service District Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture)

ADDRESS: P. O. Box 6099, Bluefield, West Virginia 24701-6099 COUNTY: Mercer

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: January 4, 2002

CLOSING DATE: January 4, 2002

ISSUE AMOUNT: \$2,800,000

RATE: 4.5%

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A

PAYING AGENT: Issuer

BOND

COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS

COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Mr. Marty Mariotti
Position: General Manager
Phone: (304) 325-6832

OTHER: United States Department of Agriculture
Contact Person: Ms. Rosemary Christian
Function: Rural Development Specialist
Phone: (304)252-8644

DEPOSITS TO MBC AT CLOSE:	Accrued Interest:	\$	_____
By: _____ Wire	Capitalized Interest:	\$	_____
_____ Check	Reserve Account:	\$	_____
	Other:	\$	_____

REFUNDS & TRANSFERS BY MBC AT CLOSE	To Escrow Trustee:	\$	_____
By: _____ Wire	To Issuer:	\$	_____
_____ Check	To Cons. Invest. Fund:	\$	_____
_____ IGT	To Other:	\$	_____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will hold the Series 2002 A Bonds Reserve Account. Payments to the Series 2002 A Bonds Reserve Account will commence February 4, 2004.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: January 4, 2002

ISSUE: Green Valley-Glenwood Public Service District Sewer Revenue Bonds, Series 2002 B (United States Department of Agriculture)

ADDRESS: P. O. Box 6099, Bluefield, West Virginia 24701-6099 COUNTY: Mercer

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: January 4, 2002 CLOSING DATE: January 4, 2002

ISSUE AMOUNT: \$950,000 RATE: 4.5%

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: Issuer

BOND COUNSEL: Steptoe & Johnson PLLC UNDERWRITERS COUNSEL: _____
Contact Person: John C. Stump, Esquire Contact Person: _____
Phone: (304) 353-8196 Phone: _____

CLOSING BANK: _____ ESCROW TRUSTEE: _____
Contact Person: _____ Contact Person: _____
Phone: _____ Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: United States Department of Agriculture
Contact Person: Mr. Marty Mariotti Contact Person: Ms. Rosemary Christian
Position: General Manager Function: Rural Development Specialist
Phone: (304) 325-6832 Phone: (304)252-8644

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____ Accrued Interest: \$ _____
_____ Check _____ Capitalized Interest: \$ _____
_____ Other: _____ Reserve Account: \$ _____
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will hold the Series 2002 B Bonds Reserve Account. Payments to the Series 2002 B Bonds Reserve Account will commence February 4, 2004.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

12/31/01
354550.98004





United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 291-4796
Fax: (304) 291-4159
TTY/TDD: (304) 284-5941

September 10, 1998

J.W. Welch, Chairman
Green Valley-Glenwood Public Service District
P.O. Box 6099
Bluefield, WV 24701-6099

Dear Mr. Welch:

This letter, with Attachments 1 through 12 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by the Rural Utilities Service (RUS) by written amendment to this letter. Any changes not approved by RUS shall be cause for discontinuing processing of the application.

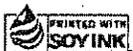
The Rural Utilities Service Water and Waste Disposal Loan and Grant Program is administered by USDA - Rural Development, formerly known as the Farmers Home Administration.

This letter is not to be considered as loan and grant approval or as representation to the availability of funds. The docket may be completed on the basis of an RUS loan in the amount of \$2,800,000 and an RUS grant in the amount of \$1,200,000, for a total project cost of \$4,000,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)



- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
- Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit and Compliance Supplement."
- Attachment No. 10 - Sewer Users Agreement (Applicant and Attorney Copies)
- Attachment No. 11 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 12 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.5% interest rate and a monthly amortization factor of 0.00459, which provides for a monthly payment of \$12,852.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the PSD's 1964, 1987 and 1998 Sewer Revenue Bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond

resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 3,252 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 75 signed users agreements and a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing sewer system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

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

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service.

Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the sewer service of the existing system (paying monthly bills), (2) signed users agreements, (3) signed service declination statements, (4) records evidencing users contributions having been paid, (5) a map locating each potential users property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. For your convenience, Form RD 1942-19, "Agreement for Engineering Services," or EJCDC No. 1910-1, "Standard Form of Agreement between Owner

and Engineer for Professional Services" may be used to obtain the services of an engineer. Form RD 1942-19 is enclosed for your use.

6. Accounting Services - You must obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements for your PSD. The attached booklet, "Government Auditing Standards (Revised 1994)" (Attachment No. 8) and RUS Bulletin 1780-30 (Attachment No. 9) outline audit requirements. You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

7. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your

existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

- c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
8. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Department of Environmental Protection
 - Public Land Corporation
9. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:
- a. A Certificate of Convenience and Necessity.
 - b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
 - c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A

copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

10. Insurance and Bonding Requirements -

Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).
- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

11. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

- (1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9, or other agreement approved by RUS. One copy of this item is attached hereto (Attachment No. 6).
- (2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.

b. The contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

12. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review.

13. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds

must be remitted promptly, at least quarterly, to the Rural Utilities Service. The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

14. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - "Operating Budget"

Form RD 1940-1 - "Request for Obligation of Funds"

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"

RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"

Form RD 400-1 - "Equal Opportunity Agreement"

Form RD 400-4 - "Assurance Agreement"

Form AD 1047 - "Certification Regarding Debarment - Primary"

Form AD 1049 - "Certification Regarding Drug-Free Workplace"

Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"

FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"

15. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
16. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered

to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

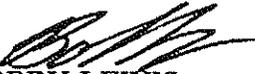
In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of water and waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,


BOBBY LEWIS
State Director

Enclosures

cc: Administrator, RUS
ATTN: Water and
Environmental Programs
Washington, DC

Bond Counsel
Pentree, Inc.
Princeton, WV

Rural Development Specialist
Beckley, WV

Accountant

William S. Winfrey II
Attorney at Law
Princeton, WV



December 6, 2001

J. W. Welch, Chairman
Green Valley-Glenwood Public Service District
P.O. Box 6099
Bluefield, WV 24701-6099

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Welch:

This letter, with Attachment No. 1 amends the letter of conditions dated September 10, 1998 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$2,800,000, a subsequent RUS loan in the amount of \$950,000, and a RUS grant in the amount of \$1,200,000 for a total project cost of \$4,950,000.

Subject to the requirements noted herein, all of the conditions of the September 10, 1998 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.5% interest rate and a monthly amortization factor of .00459 which provides for a monthly payment of \$4,361 on the subsequent loan.

(The monthly payment for the initial \$2,800,000 loan is \$12,852 and the monthly payment for the subsequent \$950,000 loan is \$4,361, for a total loan of \$3,750,000 and a total monthly payment of \$17,213.

2. The bond for the \$950,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the \$2,800,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a \$3,750,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.
3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"

Form RD 442-7 - "Initial Operating Budget"

Form 1940-1 - "Request for Obligation of Funds"

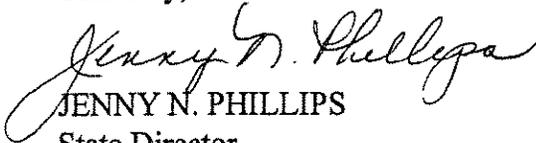
RUS Bulletin 1780-27 - "Loan Resolution"

Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Public Service District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,


JENNY N. PHILLIPS
State Director

Enclosures

cc: Administrator, RUS
ATTN: Water and Environmental Programs
Washington, DC

RUS Rural Development Specialist
Beckley, WV

Jeffrey S. Feamster, CPA
P.O. Box 121
Lewisburg, WV 24901

William S. Winfrey, II
Attorney at Law
P.O. Box 1159
Princeton, WV 24740

John C. Stump, Attorney at Law
Steptoe & Johnson
Seventh Floor, Bank One Center
P.O. Box 1588
Charleston, WV 25326

Robert D. Hazelwood, P.E.
Pentree, Inc.
P.O. Box 1309
Princeton, WV 24740

PROJECT CONSTRUCTION BUDGET
 Green Valley - Glenwood PSD

<u>PROJECT COST</u>	<u>RUS Grant</u>	<u>RUS Subsq. Loan</u>	<u>RUS Initial Loan</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 889,000	\$ 950,000	\$ 1,824,000	\$ 3,663,000
CONST. CONTINGENCY	60,000		123,000	183,000
LAND & RIGHTS	10,000		20,000	30,000
LEGAL FEES	16,000		34,000	50,000
BOND COUNSEL	7,000		13,000	20,000
ACCOUNTING				
ENGINEERING FEES	\$ 183,000		\$ 377,000	\$ 560,000
Basic - \$360,000				
Insp. - \$150,000				
Special - \$50,000				
INTEREST			337,500	337,500
ADMINISTRATION				
EQUIPMENT	10,000		20,000	30,000
PROJECT CONTG.	25,000		51,500	76,500
TOTAL	\$ 1,200,000	\$ 950,000	\$ 2,800,000	\$ 4,950,000

Rates

Available for general domestic, commercial and industrial service.

First 2,000 gals. @ \$6.82 per M gals.
 Next 2,000 gals. @ \$6.12 per M gals.
 Next 6,000 gals. @ \$5.38 per M gals.
 Next 90,000 gals. @ \$4.65 per M gals.
 Over 100,000 gals. @ \$3.93 per M gals.

Minimum Charge

No bill shall be rendered for less than \$13.64.

Non-Metered Rate

\$25.88 per month (based on 4,000 gallons).

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of \$20.00 shall be charged.

Whenever a delinquent sewer bill is collected at the customer's premises, in lieu of disconnecting water service for non-payment of a sewer bill, an administrative fee of \$20.00 shall be charged.

Bad Checks/Returned Checks

If a check is returned by the bank for any reason, the bank's charge to Green Valley-Glenwood Public Service District shall be the PSD's charge to the customer for such a bad check, up to a maximum charge of \$15.00.

Cash Flow Analysis – See page 3 to this attachment.

Cash Flow Analysis

Green Valley-Glenwood PSD
OPERATING BUDGET

OPERATING INCOME		
Metered Sales	\$	1,264,775
Penalties		
Other Income	\$	13,512
Reconnect Fees		
TOTAL OPERATING INCOME		<u>\$ 1,278,287</u>
NON OPERATING INCOME		
Interest income		
TOTAL NON OPERATING INCOME		<u>\$ -</u>
TOTAL INCOME		<u>\$ 1,278,287</u>
EXPENSES		
O & M	\$	700,581
Taxes	\$	31,828
TOTAL EXPENSES		<u>\$ 732,409</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 545,878</u>
DEBT SERVICE		
Existing Bond P & I (B)	\$	213,336
Proposed Bond P & I (B)	\$	206,556
TOTAL DEBT SERVICE		<u>\$ 419,892</u>
DEBT SERVICE RESERVE		
Debt Service Reserve*	\$	73,934
TOTAL DEBT SERVICE RESERVE		<u>\$ 73,934</u>
SURPLUS (DEFICIT)		<u>\$ 52,052</u>
DEBT COVERAGE (A/B)		\$ 1.30



UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL
DEVELOPMENT

481 RAGLAND ROAD
BECKLEY, WV 25801
PHONE (304) 252-8644
FAX (304) 252-5809
TTY/TDD (304) 284-4836

December 20, 2001

J. W. Welch, Chairman
Green Valley-Glenwood PSD
P. O. Box 6099
Bluefield, WV 24701

Dear Mr. Welch:

The pre-closing date for the PSD's sewer project has been established as January 2, 2002. The pre-closing will begin at 10:00 a.m. at the PSD office followed by the pre-construction conference at 11:00 a.m. at the Green Valley-Glenwood Fire Department.

Reference is made to our Letter of Conditions dated September 10, 1998 and Amended Letter of Conditions dated December 6, 2001. All of the requirements of those letters must be met.

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. The PSD's attorney will need to provide Form FmHA 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated January 4, 2002.
2. The PSD's attorney must furnish a Form FmHA 1927-10, "Final Title Opinion," on all and(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated January 4, 2002.
3. The PSD's engineer must provide a resume of the proposed inspector(s).
4. The PSD must provide a letter accepting the proposed inspector(s).
5. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.

6. A certificate from the PSD's accountant that the accounts and records required by the bond resolution and the PSC have been established and are operational. The chart of accounts and record keeping books must be available for review at loan closing.
7. The PSD must provide evidence that it has acquired insurance and bond coverage in accordance with item 10 of the Letter of Conditions.
8. The PSD must furnish evidence that it provides State Workman's Compensation Insurance.
9. Public Service Commission Final Order.

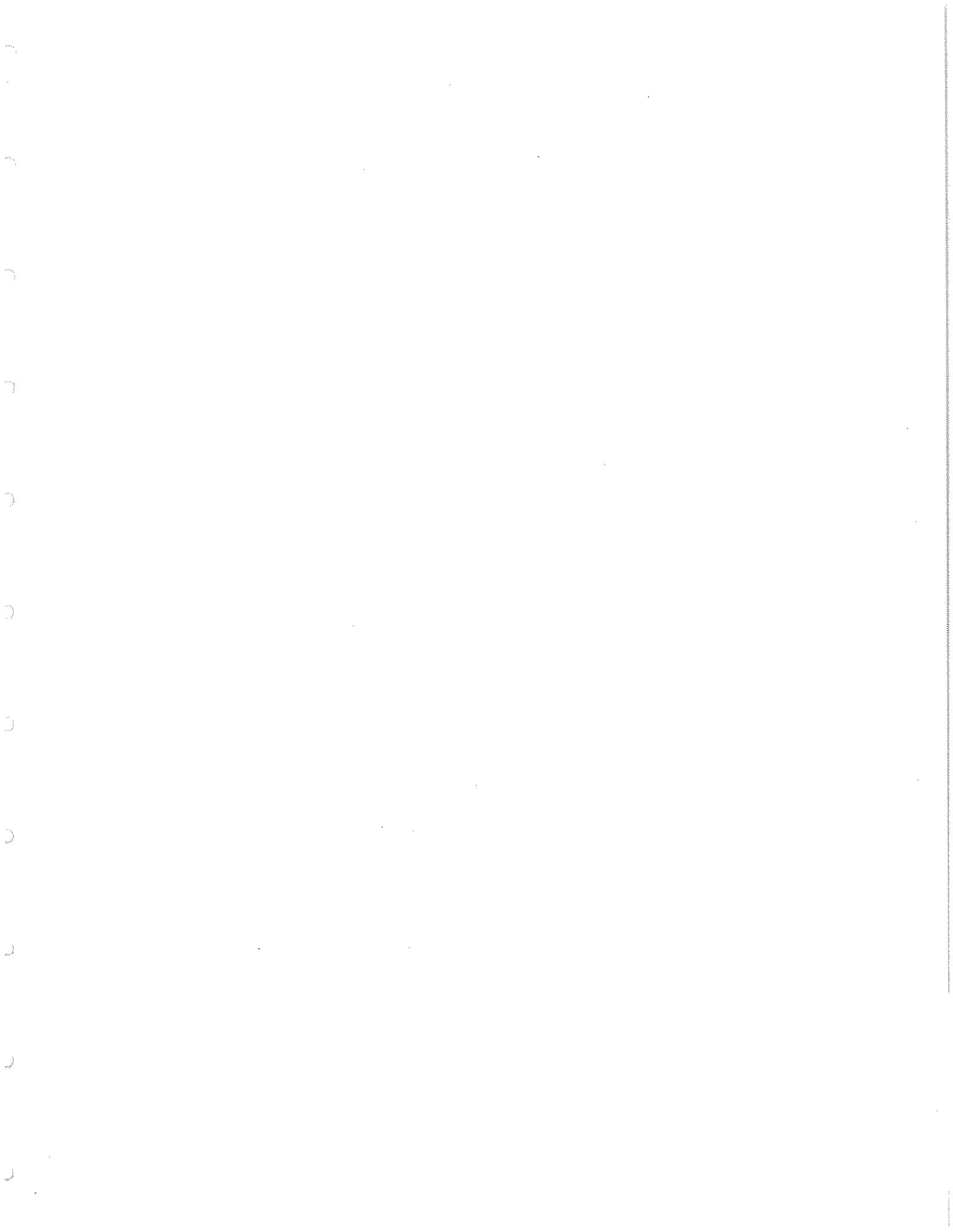
If you have any questions regarding these or any other matters pertaining to your loan, please contact this office.

Sincerely,

Rose Mary Christian
Rural Development Specialist

Enclosures

cc: State Director, Rural Development, Morgantown, WV
William Winfrey, Attorney at Law, Princeton, WV
✓ John Stump, Steptoe & Johnson Bond Counsel, Charleston, WV
Jeffrey S. Feamster, CPA, Lewisburg, WV
Robert Hazelwood, Pentree, Inc., Princeton, WV



WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated December 6, 2001 between
Green Valley-Glenwood Public Service District

a public corporation organized and operating under
Chapter 16, Article 13A, West Virginia Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 4,950,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 3,750,000.00 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 3,750,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 1,200,000.00 or _____ percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 24.2% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees, in accordance with a schedule of such charges, whether for one or more classes of service, ~~as approved by the West Virginia Public Service Commission~~ ~~adopted by resolution dated xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

Approximately 15,875 LF of 8" PVC, 7,400 LF of 6" PVC and 4,900 LF of force main sewer line, 150 manholes, 3 grinder stations, 1 pump station, UV disinfection system, aerobic sludge digester, a 2500 SF office building, various line replacements, flow meters, automated DO probes and recorders and necessary appurtenances for the operation and maintenance of the District's wastewater collection and treatment system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 1,200,000.00 which it will advance to Grantee to meet not to exceed 24.2% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

Green Valley-Glenwood Public Service District

By J. W. Welch
J. W. Welch
(Title) Chairman

By Jaye Crescen
Secretary
(Title)

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Rose Mary Christian 1-4-02
ROSE MARY CHRISTIAN, Rural Development Specialist
(Title)

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Governing Board

OF THE Green Valley-Glenwood Public Service District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Wastewater

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Green Valley-Glenwood Public Service District
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of THREE MILLION SEVEN HUNDRED FIFTY THOUSAND AND XX / 100

pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Green Valley-Glenwood Public Service District
 hereby certify that the Governing Board of such Association is composed of
3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and
 held on the 6th day of December, 2001; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of JANUARY 4, 2002,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this 4th day of JANUARY, 2002

Jane Cressin
 Title Secretary



Jan. 4. 2002 1:02PM . STEPTOE & JOHNSON CHAR.

No.0361 P. 2

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds, Series 2002 A and
Sewer Revenue Bonds, Series 2002 B
(United States Department of Agriculture)**

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of First Community Bank of Mercer County, Inc., Princeton, West Virginia (the "Bank"), hereby certify that on January 4, 2002, the Bank received an automated transfer in the amount of \$348,000 to the credit of the Project Construction Account, Account Number 33-7826-4 for the Series 2002 A Bonds and Series 2002 B Bonds.

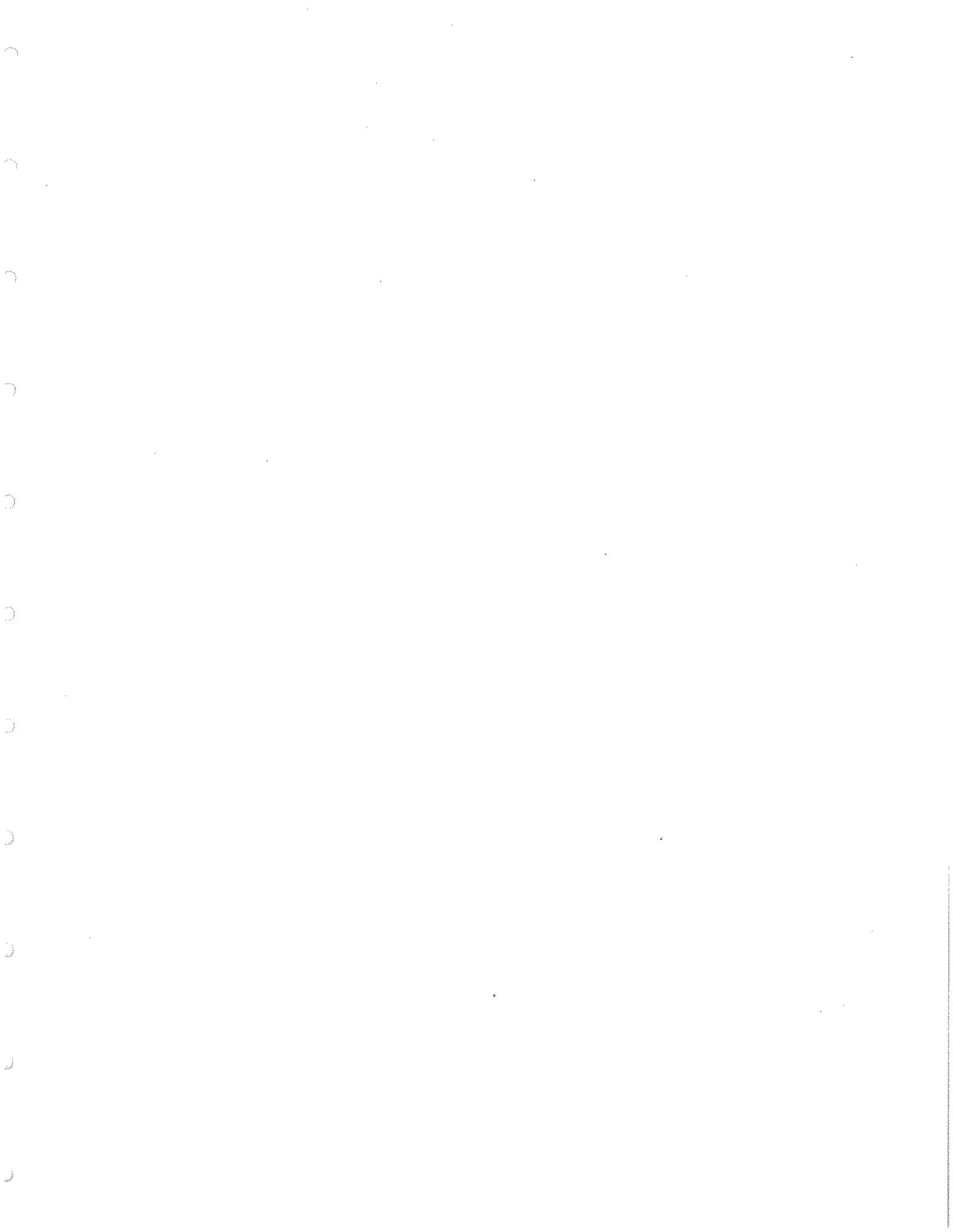
WITNESS my signature on this 4th day of January, 2002.

**FIRST COMMUNITY BANK OF MERCER
COUNTY, INC.**

By: *Christy A. Eric*
Its: Authorized Officer

12/31/01
354350.98004

GH495362.2



FROM :

01/03/2002 13:18

FAX NO. :

WV MUNICIPAL BOND COMMISSION - WITTER

Jun. 09 2001 05:10PM P1
NO.258 001

204353-2121

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

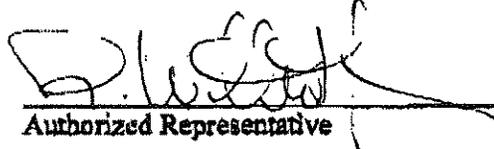
EVIDENCE OF PAYMENT IN FULL OF SERIES 1964 BONDS

The undersigned, authorized representative of the West Virginia Municipal Bond Commission ("Commission") hereby certifies as follows:

On or about the 4th day of December, 2001, the Commission received monies from the District in an amount sufficient to call in full on April 1, 2002, and discharge all of the outstanding principal of and interest on, the Green Valley-Glenwood Public Service District Sewer Revenue Bond, Series 1964, dated April 1, 1964 (the "Series 1964 Bonds").

WITNESS my signature on this 3RD day of January, 2002.

WEST VIRGINIA MUNICIPAL BOND COMMISSION



Authorized Representative

12/31/01
354950.98004

CK494403.1