HUTTONSVILLE PUBLIC SERVICE DISTRICT

Phase II-B

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Closing Date: April 25, 2011

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Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2011 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 C (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 THE SERIES 2011 C 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 HUTTONSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Huttonsville Public Service District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Randolph County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience, and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage system of the Issuer, consisting of replacement of various size gravity sewer pipe, manholes, grinder pump station in the Valley Bend, Valley and Dailey areas, and all

necessary appurtenances (collectively, 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 after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $200,000 in a single series, being the Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $200,000 (the "Series 2011 C Bonds") to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2011 C 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 any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 C Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 C 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 2011 C Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (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 Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 C Bonds as to liens, pledge and source of and security for payment being the Issuer's: (i)

Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089 (the "Series 1984 B Bonds"); (ii) Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original aggregate principal amount of $356,000 (the "Series 2001 A Bonds"); (iii) Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000 (the "Series 2003 A Bonds"); (iv) Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000 (the "Series 2003 B Bonds"), (collectively, the "Prior Bonds"); (v) Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), issued simultaneously herewith in the original aggregate principal amount of $1,050,000 (the "Series 2011 A Bonds"); and (vi) Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), issued simultaneously herewith in the original aggregate principal amount of $800,000 (the "Series 2011 B Bonds").

The Series 2011 C Bonds shall be issued on a parity with the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2011 A Bonds, Series 2011 B Bonds and Series 2011 C Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2011 A Bonds, Series 2011 B Bonds and Series 2011 C Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer has complied with all requirements of West Virginia law, the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges and the issuance of the Series 2011 C Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2011 C Bonds or such final order will not be subject to appeal or rehearing.

I. The Project has been approved by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 C Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 C 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 Issuer, the Bank or other entity to be designated as such in this Resolution or the Supplemental Resolution and its successors and assigns.

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2011 C Bonds for all or a portion of the proceeds of the Series 2011 C Bonds from the Authority and the Council.

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

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

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

commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02H 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.

"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 therefore, hereafter at any time constructed or acquired.

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

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

"Governing Body" means the Public Service Board of the Issuer, as it may now or hereafter be constituted.

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

"Grant" means, collectively, all grant monies received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means the Huttonsville Public Service District, a public service district and

public corporation and political subdivision of the State of West Virginia, in Randolph 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 between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2011 C Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2011 C Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any 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 2011 C Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bonds canceled by the Bond Registrar or Registrar for the Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Prior Bonds 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 or holders of the Prior Bonds, any Bonds or Prior 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 such other entity or authority as may be designated as a Paying Agent for the Series 2011 C Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1984 B Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2011 A Bonds, and the Series 2011 B Bonds.

"Prior Resolutions" means, collectively, the resolutions of the Issuer authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

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

"Series 1984 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089.

"Series 2001 A Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued to Davis Trust Bank in the original aggregate principal amount of $356,000.

"Series 2003 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000.

"Series 2003 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000.

"Series 2011 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), issued simultaneously herewith in the original aggregate principal amount of $1,050,000.

"Series 2011 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), issued simultaneously herewith in the original aggregate principal amount of $800,000.

"Series 2011 A & Series 2011 B Bonds Resolution" means the resolution of the Issuer authorizing the Series 2011 A Bonds and Series 2011 B Bonds.

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

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

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

"Series 2011 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 C Bonds in the then current or any succeeding year.

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2011 C Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2011 C 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, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete public 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.

"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 not to exceed $2,111,200, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed $2,225,000, of which $200,000 will be obtained from proceeds of the Series 2011 C Bonds, $1,000,000 will be obtained from proceeds of a grant from the United States Department of Agriculture, and $1,025,000 will be obtained as a grant from the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2011 C Bonds, if any, funding reserve accounts for the Series 2011 C Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2011 C Bonds of the Issuer. The Series Series 2011 C Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund)," in the principal amount of not more than $200,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 C Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2011 C Bonds, if any, shall be deposited in or credited to the Series 2011 C Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds.

The Series 2011 C 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 the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 C Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2011 C Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2011 C Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 C Bonds, all as provided in the Supplemental Resolution. The Series 2011 C 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, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 C Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2011 C Bonds shall cease to be such officer of the Issuer before the Series 2011 C Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration.

The Bond Registrar with respect to the Series 2011 C Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2011 C Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2011 C Bonds shall be conclusive evidence that such Series 2011 C Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 C Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2011 C Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 C Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2011 C Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2011 C Bonds remain outstanding, the Bond Registrar for the Series 2011 C Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2011 C Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2011 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 C Bonds or the interest, if any, thereon.

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

Section 3.09. Delivery of Bonds.

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

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

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

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

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

(5) The unqualified approving opinion of bond counsel on the Series 2011 C Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 C Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2011 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2011 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR-1 $200,000

KNOW ALL MEN BY THESE PRESENTS: That on the ____ day of _____, 2011, the HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the Series 2011 C Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the

Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1984 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BOND, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); (3) SEWER REVENUE BOND, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,934,000 (THE "SERIES 2003 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2003 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); (5) SEWER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2011, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2011 A BONDS"); AND (6) SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $800,000 (THE "SERIES 2011 B BONDS"),

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 C 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve

accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

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

The Series 2011 C Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule, the forms of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

1. Revenue Fund (established by Prior Resolution);

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

3. Series 2011 C Bonds Construction Trust Fund.

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

1. Series 1984 B Bonds Sinking Fund (established by Prior Resolution);

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

3. Series 2003 A Reserve Account (established by Prior Resolution);

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

5. Series 2011 A Bonds Reserve Account (established by Series 2011 A & Series 2011 B Bonds Resolution);

6. Series 2011 B Bonds Sinking Fund (established by Series 2011 A & Series 2011 B Bonds Resolution);

7. Series 2011 B Bonds Reserve Account (established by Series 2011 A & Series 2011 B Bonds Resolution);

8. Series 2011 C Bonds Sinking Fund; and

9. Series 2011 C 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 provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Paying Agent of the Series 2001 A Bonds for deposit in the Series 2001 A Bonds Sinking Fund, the amount required by the Prior Resolutions for payment of the interest on the Series 2001 A Bonds; (ii) the National Finance Office the amount required by the Prior Resolutions for payment of the interest on the Series 2003 B Bonds; and (iii) the National Finance Office the amount required by the Series 2011 A & Series 2011 B Bonds Resolution for payment of the interest on the Series 2011 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Paying Agent of the Series 2001 A Bonds the amounts required by the Prior Resolutions to pay the principal of the Series 2001 A Bonds; (ii) the Commission the amount required by the Prior Resolutions for payment of the principal of the Series 1984 B Bonds, Series 2003 A Bonds, (iii) to the National Finance Office the amount required by the Series 2011 A & Series 2011 B Bonds Resolution for payment of principal of the Series 2011 A Bonds; (iv) to the Commission the amount required by the Series

2011 A & Series 2011 B Bonds Resolution for payment of principal of the Series 2011 B Bonds; (v) the National Finance Office the amounts required by the Prior Resolutions to pay the principal of the Series 2003 B Bonds; and (iv) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 C Bonds, for deposit in the Series 2011 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 C Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 C Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Paying Agent of the Series 2001 A Bonds for deposit in the Series 2001 A Bonds Reserve Account, the amount required by the Prior Resolutions to be deposited therein; (ii) the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 2003 A Bonds, Series 2003 B Bonds, Series 2011 A Bonds and Series 2011 B Bonds; (iii) the Commission the amounts required by the Series 2011 A & Series 2011 B Bonds Resolution to be deposited in the respective Reserve Accounts for the Series 2011 A Bonds and Series 2011 B Bonds; and (iv) the Commission, commencing approximately 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2011 C Bonds, for deposit in the Series 2011 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 C Bonds Reserve Requirement, until the amount in the Series 2011 C Bonds Reserve Account equals the Series 2011 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 C Bonds Reserve Requirement.

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

Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2011 C Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 C Bonds as the same shall become due. Monies in the Series 2011 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 C Bonds as the same shall come due, when other monies in the Series 2011 C Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2011 C Bonds Reserve Account shall be sufficient to prepay the Series 2011 C Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2011 C Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 C Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 C Bonds, and then to the next ensuing principal payment due thereon.

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

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2011 C Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate

principal amount of the Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2011 C Bonds, Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds in accordance with the respective principal amounts then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 C Bonds under the conditions and restrictions set forth herein.

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

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying

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

F. The monies in excess of the maximum amounts insured by FDIC in any fund or account 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 or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2011 C Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 C Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 C Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set

forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 C Bonds.

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2011 C Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2011 C Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2011 C Bonds from the Series 2011 C Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer stating that:

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

(ii) 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;

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

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

The Issuer shall expend all proceeds of the Series 2011 C Bonds within 3 years of the date of the issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2011 C 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 2011 C Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2011 C Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2011 C Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 C Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 C Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all the Series 2011 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the holders of the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2011 C Bonds, Series 2011 A Bonds, Series 2011 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. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered August 4, 2010 which became Final Order on August 24, 2010, in Case No. 10-1414-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds, Series 2011 A Bonds, Series 2011 B Bonds and the Series 2011 C Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2011 C Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the

provisions governing the sale of the System, or any part thereof, shall be as set forth and described in the Prior Resolutions and the System may not be sold, mortgaged, leased or otherwise disposed of unless the Issuer has obtained the written consent of the Authority and the Council, as applicable bondholders. Further, so long as the Series 2011 C Bonds are outstanding and except as otherwise required by law, and with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2011 C Bonds, immediately be remitted to the Commission for deposit in the Series 2011 C Bonds Sinking Fund, and, with the written consent of the Authority and the Council, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2011 C Bonds. Any balance remaining after the payment of all the Series 2011 C Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the 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 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 C Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 C Bonds.

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

So long as the Series 2011 A Bonds or the Series 2003 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2011 A Bonds and the Series 2003 B Bonds are no longer outstanding, the following parity requirement shall be met:

So long as the Series 2011 C Bonds, Series 2011 B Bonds, Series 1984 B Bonds, Series 2001 A Bonds and the Series 2003 A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2011 C Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 C Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body

shall direct.

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

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 C Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2011 C Bonds. Such audit report submitted to the Authority shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 C Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file

with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 C Bonds, including the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2011 C Bonds, including the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 C Bonds, including the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of

such report to the Authority and the Council by the 10th day of each month.

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of

West Virginia, discontinue and shut off the services of the System, and any services and facilities of the sewerage 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 sewerage facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such sewerage service, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

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

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

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

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

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

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority and the Council, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Authority.

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

Section 7.19. Reserved.

Section 7.20. 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 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 C Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2011 C Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds.

Section 7.22. Contracts; Change Orders, Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2011 C Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the

Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2011 C Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2011 C Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if 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 comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax

purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2011 C Bonds as a condition to issuance of the Series 2011 C Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2011 C Bonds as may be necessary in order to maintain the status of the Series 2011 C Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 C Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2011 C Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2011 C Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 C Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2011 C Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 C Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 C Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or 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; or

(5) If default occurs with respect to the Series 2011 A Bonds or Series 2011 B Bonds or the Series 2011 A & Series 2011 B Resolution.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2011 C Bonds, Series 2011 A Bonds, Series 2011 B Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2011 C Bonds.

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

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2011 C Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2011 C Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2011 C Bonds from gross income for federal income tax purposes.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2011 C Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 C Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2011 C Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2011 C Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2011 C Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2011 C Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 2011 C 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 and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47); and 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 or any portion thereof 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, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

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Adopted this 21st day of April, 2011.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HUTTONSVILLE PUBLIC SERVICE DISTRICT on April 21, 2011.

Dated: April 25, 2011.

[SEAL]

Secretary

437410.00008

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

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

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), OF HUTTONSVILLE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2011 C BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2011 C BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Huttonsville Public Service District (the "Issuer") has duly and officially adopted a bond resolution on April 21, 2011 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 C (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 THE SERIES 2011 C BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER

2

PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2011 C Bonds"), in the aggregate principal amount not to exceed $200,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2011 C Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 2011 C Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $200,000. The Series 2011 C Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2051, and shall bear no interest. The principal of the Series 2011 C Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, to and including March 1, 2051, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2011 C Bonds.

The Series 2011 C Bonds shall be subject to redemption upon the written consent of the

Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2011 C Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2011 C Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2011 C Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2011 C Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Mountain Valley Bank, Mill Creek, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2011 C Bonds proceeds in the amount of $5,240 shall be deposited in the Series 2011 C Bonds Reserve Account.

Section 8. The balance of the proceeds of the Series 2011 C Bonds shall be deposited in or credited to the Series 2011 C Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 9. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2011 C Bonds may be delivered on or about April 25, 2011 to the Authority pursuant to the Loan Agreement.

Section 10. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will

promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2011 C Bonds Sinking Fund and the Series 2011 C Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 12. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

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

[Remainder of Page Intentionally Blank]

Adopted this 21st day of April, 2011.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by HUTTONSVILLE PUBLIC SERVICE DISTRICT on this 21st day of April, 2011.

Dated: April 25, 2011.

[SEAL]

Secretary

437410.00008

IC-1
(08/09)

LOAN AGREEMENT

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

HUTTONSVILLE PUBLIC SERVICE DISTRICT
(2008S-1012-B)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

HUTTONSVILLE PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: April 25, 2011

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: April 25, 2011

Attest:

Carol A. Cummings
Its: Authorized Officer

{C2017283.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

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

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $200,000
Purchase Price of Local Bonds $200,000

The Local Bonds shall bear no interest. Commencing March 1, 2013, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1) Sewer Revenue Bonds, Series 1984 (West Virginia Water Development Authority)
2) Sewer Refunding Revenue Bonds, Series 2001 A
3) Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund)
4) Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture)
5) Sewer Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)

Number of New Customers to Be Served: 0
Location: NA

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Huttonsville PSD

IF

$200,000

0% Interest Rate

40 Years from the Closing Date

Dated Date	4/25/2011
Delivery Date	4/25/2011

Period Ending	Principal	Interest	Debt Service
3/1/2013	1,310		1,310
6/1/2013	1,310		1,310
9/1/2013	1,310		1,310
12/1/2013	1,310		1,310
3/1/2014	1,310		1,310
6/1/2014	1,310		1,310
9/1/2014	1,310		1,310
12/1/2014	1,310		1,310
3/1/2015	1,310		1,310
6/1/2015	1,310		1,310
9/1/2015	1,310		1,310
12/1/2015	1,310		1,310
3/1/2016	1,310		1,310
6/1/2016	1,310		1,310
9/1/2016	1,310		1,310
12/1/2016	1,310		1,310
3/1/2017	1,310		1,310
6/1/2017	1,310		1,310
9/1/2017	1,310		1,310
12/1/2017	1,310		1,310
3/1/2018	1,310		1,310
6/1/2018	1,310		1,310
9/1/2018	1,310		1,310
12/1/2018	1,310		1,310
3/1/2019	1,310		1,310
6/1/2019	1,310		1,310
9/1/2019	1,310		1,310
12/1/2019	1,310		1,310
3/1/2020	1,310		1,310
6/1/2020	1,310		1,310
9/1/2020	1,310		1,310
12/1/2020	1,310		1,310
3/1/2021	1,310		1,310
6/1/2021	1,310		1,310
9/1/2021	1,310		1,310
12/1/2021	1,310		1,310
3/1/2022	1,310		1,310
6/1/2022	1,310		1,310
9/1/2022	1,310		1,310
12/1/2022	1,310		1,310
3/1/2023	1,310		1,310
6/1/2023	1,310		1,310
9/1/2023	1,310		1,310

BOND DEBT SERVICE

Huttonsville PSD

IF

$200,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
12/1/2023	1,310		1,310
3/1/2024	1,310		1,310
6/1/2024	1,310		1,310
9/1/2024	1,310		1,310
12/1/2024	1,310		1,310
3/1/2025	1,310		1,310
6/1/2025	1,310		1,310
9/1/2025	1,310		1,310
12/1/2025	1,310		1,310
3/1/2026	1,310		1,310
6/1/2026	1,310		1,310
9/1/2026	1,310		1,310
12/1/2026	1,310		1,310
3/1/2027	1,310		1,310
6/1/2027	1,310		1,310
9/1/2027	1,310		1,310
12/1/2027	1,310		1,310
3/1/2028	1,310		1,310
6/1/2028	1,310		1,310
9/1/2028	1,310		1,310
12/1/2028	1,310		1,310
3/1/2029	1,310		1,310
6/1/2029	1,310		1,310
9/1/2029	1,310		1,310
12/1/2029	1,310		1,310
3/1/2030	1,310		1,310
6/1/2030	1,310		1,310
9/1/2030	1,310		1,310
12/1/2030	1,310		1,310
3/1/2031	1,310		1,310
6/1/2031	1,310		1,310
9/1/2031	1,310		1,310
12/1/2031	1,310		1,310
3/1/2032	1,310		1,310
6/1/2032	1,310		1,310
9/1/2032	1,310		1,310
12/1/2032	1,310		1,310
3/1/2033	1,310		1,310
6/1/2033	1,310		1,310
9/1/2033	1,310		1,310
12/1/2033	1,310		1,310
3/1/2034	1,310		1,310
6/1/2034	1,310		1,310
9/1/2034	1,310		1,310
12/1/2034	1,310		1,310
3/1/2035	1,310		1,310
6/1/2035	1,310		1,310

BOND DEBT SERVICE

Huttonsville PSD

IF

$200,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2035	1,310		1,310
12/1/2035	1,310		1,310
3/1/2036	1,310		1,310
6/1/2036	1,310		1,310
9/1/2036	1,310		1,310
12/1/2036	1,310		1,310
3/1/2037	1,310		1,310
6/1/2037	1,310		1,310
9/1/2037	1,310		1,310
12/1/2037	1,310		1,310
3/1/2038	1,310		1,310
6/1/2038	1,310		1,310
9/1/2038	1,310		1,310
12/1/2038	1,310		1,310
3/1/2039	1,310		1,310
6/1/2039	1,310		1,310
9/1/2039	1,310		1,310
12/1/2039	1,310		1,310
3/1/2040	1,310		1,310
6/1/2040	1,300		1,300
9/1/2040	1,300		1,300
12/1/2040	1,300		1,300
3/1/2041	1,300		1,300
6/1/2041	1,300		1,300
9/1/2041	1,300		1,300
12/1/2041	1,300		1,300
3/1/2042	1,300		1,300
6/1/2042	1,300		1,300
9/1/2042	1,300		1,300
12/1/2042	1,300		1,300
3/1/2043	1,300		1,300
6/1/2043	1,300		1,300
9/1/2043	1,300		1,300
12/1/2043	1,300		1,300
3/1/2044	1,300		1,300
6/1/2044	1,300		1,300
9/1/2044	1,300		1,300
12/1/2044	1,300		1,300
3/1/2045	1,300		1,300
6/1/2045	1,300		1,300
9/1/2045	1,300		1,300
12/1/2045	1,300		1,300
3/1/2046	1,300		1,300
6/1/2046	1,300		1,300
9/1/2046	1,300		1,300
12/1/2046	1,300		1,300
3/1/2047	1,300		1,300

BOND DEBT SERVICE

Huttonsville PSD

IF

$200,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2047	1,300		1,300
9/1/2047	1,300		1,300
12/1/2047	1,300		1,300
3/1/2048	1,300		1,300
6/1/2048	1,300		1,300
9/1/2048	1,300		1,300
12/1/2048	1,300		1,300
3/1/2049	1,300		1,300
6/1/2049	1,300		1,300
9/1/2049	1,300		1,300
12/1/2049	1,300		1,300
3/1/2050	1,300		1,300
6/1/2050	1,300		1,300
9/1/2050	1,300		1,300
12/1/2050	1,300		1,300
3/1/2051	1,310		1,310
	200,000		200,000

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

8/24/2010

Entered: August 4, 2010

CASE NO. 10-0414-PSD-CN

HUTTONSVILLE PUBLIC SERVICE DISTRICT,
a public utility, Mill Creek, Randolph County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to existing sewerage system; and for approval of the financing thereof.

RECOMMENDED DECISION

PROCEDURE

On March 25, 2010, Huttonsville Public Service District (District) filed an application for a certificate of public convenience and necessity to construct certain additions and improvements to its existing sewerage system and for approval of the financing associated therewith. According to the application, the project will cost approximately $2,400,000 and will be financed by a grant from the United States Department of Agriculture in the amount of $1,000,000; a West Virginia Infrastructure and Jobs Development Council grant in the amount of $1,200,000; and a West Virginia Infrastructure and Jobs Development Council loan in the amount of $200,000, for a term of 40 years at 0% interest. In order to support the project, the District proposed an 8% increase over its current rates and charges. Additionally, the District requested that its certificate application be approved without hearing.

By Order of the Commission entered on March 25, 2010, the Commission ordered the District to publish the Notice of Filing by publishing a copy of the particulars of its certificate application as a Class I legal advertisement in a qualified newspaper as provided for in W. Va. Code §59-3-1, et seq., published and of general circulation in Randolph County, making due return to the Commission of proper certification of publication immediately after publication.

By Order of the Commission entered on April 7, 2010, this matter was referred to the Division of Administrative Law Judges for disposition and decision with a decision due date of August 9, 2010, if no substantial protest was received in response to the publication of the Notice of Filing; however, if substantial protest was received within thirty (30) days after the required Notice of Filing was published, the decision due date would be September 7, 2010.

On April 15, 2010, Commission Staff filed a "Motion to Administrative Law Judge Requesting Expedited Ruling on Staff Recommendation of Dismissal." In the motion, Staff recommended that the District's certificate application be dismissed because the District's

Rule 42 Exhibit accompanying the application violated the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules). Specifically, Staff noted that the District's going-level bill analysis was incorrect; Statement G adjustments did not include the account numbers and the book amounts to which the proposed adjustments related as required by the Commission's Tariff Rules; the District did not include a detailed calculation of going-level depreciation amounts showing average test year plan balances, annual depreciation rates approved by the Commission and the annual depreciation amounts resulting from such balances; and the District did not submit a preliminary engineering report as is also required by the Commission's rules. In support of its motion, Staff cited two Commission Orders entered in Case Nos. 10-0254-PSD-42T, Greater Marion Public Service District, wherein the Commission dismissed a case due to the inadequacy of the Rule 42 Exhibit, and 10-0179-PWD-CN, Hardy County Public Service District, wherein the applicant was required, in part, to update its Rule 42 Exhibit within 10 days of the Commission's April 2, 2010 Order entered in that case.

Also on April 15, 2010, Commission Staff filed its Initial and Final Joint Staff Memorandum. This document also requested that the certificate application be dismissed unless the District objected to Staff's recommendation of dismissal.

On April 23, 2010, the District filed a substantial response to Staff's motion to dismiss its certificate application. Among other things, the District filed information updating its Rule 42 Exhibit and an engineering report which it maintained is compliant with the Commission's Rules of Practice and Procedure. The District argued against dismissal inasmuch as it had published and mailed notice of its proposed certificate application to its customers.

On May 3, 2010, the District filed an affidavit of publication which confirmed that it had published a copy of its certificate application in The Inter-Mountain, a newspaper published in Elkins in Randolph County as a Class I legal advertisement.

On May 7, 2010, Commission Staff filed a Further Joint Staff Memorandum, withdrawing its previous recommendation that the certificate application be dismissed.

On June 22, 2010, Commission Staff filed its Final Joint Staff Memorandum recommending approval of the certificate application subject to certain conditions.

On July 7, 2010, the District filed a response to the Final Joint Staff Memorandum. The District related in its response that it agreed with Staff's recommendation and urged that an order be issued granting the certificate application.

DISCUSSION

The Huttonsville Public Service District owns a sewerage system which currently serves approximately 911 customers residing in Randolph County, West Virginia. The proposed project in this case, if approved, will allow the District to remove and replace approximately 1,600 linear feet of 8-inch gravity sewer pipe; 5,300 linear feet of 6-inch gravity

sewer pipe; and 40 sanitary manholes in the Valley Bend area. Additionally, the project will allow the removal and replacement of approximately 1,200 linear feet of 10-inch gravity sewer pipe; 1,200 linear feet of 8-inch gravity sewer pipe; 1,200 linear feet of 6-inch gravity sewer pipe; 25 sanitary manholes; and one duplex grinder pump station also located in the Valley Bend area. In addition, the project will allow the removal and replacement of gravity sewer pipe and manholes located in the Dailey and Valley areas of the District's service territory. The project is fully funded and the District will not have to obtain interim financing as a result of the project.

The proposed project was reviewed by the Commission's technical divisions and the Commission's Legal Division. According to the Engineering Division, the estimated construction costs for the project appear to be reasonable. Based upon the total project cost, it is estimated that the project will be constructed at a cost of $3,429 per District customer, which Staff deems to be reasonable for a sewer project. The need for the project has been adequately documented in the filing. The District's existing sewer system is 70 years old and the improvements are necessary to eliminate troublesome inflow and infiltration; replace pumps which are undersized and in poor condition at existing lift stations; install new pump stations to facilitate gravity flow; and remove two (2) existing tanks that are currently used as overflow basins during storm events. The West Virginia Department of Environmental Protection has identified the overflow basins as sanitary sewage overflow points and has issued Administrative Order No. 6184 to the District to eliminate these overflow points. The West Virginia Office of Environmental Resources issued Permit No. 18,439 on October 28, 2009, for the proposed project. Upon review, Engineering Staff found no conflicts with the Public Service Commission's Sewer Rules. Engineering Staff recommended that the operation and maintenance expenses estimated by the District for the project, once constructed and in service, be reduced by approximately $9,337, rather than approve the $22,837 noted in the District's Rule 42 Exhibit.

Financial Staff noted in its review of the certificate application that the District proposed to increase its rates and charges by approximately 7.8%, to cover the costs associated with the proposed project. The 8% increase in rates and charges represents an increase above the District's approved rates in Case No. 09-1917-PSD-CN. The District is proposing a minimum charge based upon an average 4,500-gallon bill. Based upon its analysis and adjustments, Staff recommended that the Commission approve a rate increase of 5.6% which will provide a cash surplus of $14,192, annually, and debt service coverage of 116.25%. According to Staff, its recommendation supports a finding that the project is financially feasible and should be approved. In addition to the proposed rate increase, Financial Staff adjusted the District's leak adjustment rate from $0.74 per thousand gallons treated to $1.51 per thousand gallons treated.

To conclude, Commission Staff recommended that the financing for the project be approved. Further, the District should be required to seek additional Commission approval if there are any changes in the plans or scope of the project. However, it would not be necessary for the District to seek further Commission approval of changes in project costs or financing if the project-related rates remain unchanged. Staff

recommended that the District file an affidavit executed by its certified public accountant verifying that its rates and charges are not affected by such changes. Finally, Staff recommended that the District file a copy of the engineer's certified bid tabulations for all contracts awarded for the project as soon as they become available and that the District submit a copy of the certificate of substantial completion issued for each construction contract associated with the project as soon as they become available.

FINDINGS OF FACT

1. On March 25, 2010, the Huttonsville Public Service District filed a duly verified certificate application seeking Commission approval to construct certain additions and improvements to its existing sewer system and for the approval of the financing associated therewith. (See, certificate application filed March 25, 2010).

2. The project will be financed by a United States Department of Agriculture grant in the amount of $1,000,000; a West Virginia Infrastructure and Jobs Development Council grant in the amount of $1,200,000; and a West Virginia Infrastructure and Jobs Development Council loan in the amount of $200,000 for a term of 40 years at 0% interest. All commitment letters for the funding associated with the project are contained in the case file. (See, March 25, 2010 certificate application; June 22, 2010 Final Joint Staff Memorandum; case file generally).

3. Among other things, the project will upgrade the District's existing 70-year-old sewer system to eliminate troublesome inflow and infiltration; will replace pumps which are undersized and in poor condition in existing lift stations; will allow the removal of overflow basins utilized during storm events; and will allow for the installation of a new pump station to facilitate gravity flow. The District's overflow basins utilized during storm events have been cited by the West Virginia Department of Environmental Protection in Administrative Order No. 6184 as deficiencies to be corrected by the District. (See, March 25, 2010 application; Final Joint Staff Memorandum filed June 22, 2010).

4. The West Virginia Office of Environmental Resources issued Permit No. 18,439 for the project on October 28, 2009. Engineering Staff's review of the plans and specifications did not reveal any conflicts with the Commission's Sewer Rules. (See, Final Joint Staff Memorandum filed June 22, 2010).

5. As a result of the project, operation and maintenance expenses will increase by $13,500. (See, Final Joint Staff Memorandum filed June 22, 2010).

6. Commission Staff recommended that the District's rates be increased 5.6% above the rates approved in Case No. 09-1927-PSD-CN, Huttonsville Public Service District, once the project is constructed and in service. A rate increase of this magnitude will provide the District with a $14,192 cash surplus and debt service coverage of 116.25%. (See, Final Joint Staff Memorandum filed June 22, 2010).

7. Notice of the proposed project was published as a Class I legal advertisement in The Inter-Mountain newspaper. No protest was filed to that publication. (See, affidavit of publication filed May 3, 2010; case file generally).

CONCLUSION OF LAW

It is reasonable to grant the certificate application filed on March 25, 2010, without hearing, since the project's Notice of Filing was published and no protest was received in response thereto; since the proposed project is both necessary and convenient as it will eliminate certain cited deficiencies on the Huttonsville system; and since the project will improve service to existing customers and is fully funded.

ORDER

IT IS, THEREFORE, ORDERED that the duly verified certificate application filed on March 25, 2010, by the Huttonsville Public Service District, pursuant to West Virginia Code §24-2-11, to make certain improvements to its existing sewerage system and to provide improved sanitary sewer service to its 911 customers residing in Randolph County, West Virginia, at an estimated cost of $2,400,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the financing for the project, consisting of a United States Department of Agriculture grant in the amount of $1,000,000; a West Virginia Infrastructure and Jobs Development Council grant in the amount of $1,200,000; and a West Virginia Infrastructure and Jobs Development Council loan in the amount of $200,000 for a term of 40 years at 0% interest, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached hereto as Appendix A, be, and hereby are, approved for use by the District upon substantial completion of the project certificated in this case.

IT IS FURTHER ORDERED that the District file an original and at least five (5) copies of its approved rates and charges no later than thirty days from the date of substantial completion of the project.

IT IS FURTHER ORDERED that the District obtain additional Commission approval, prior to construction, if the plans or scope of the project change.

IT IS FURTHER ORDERED that, if a change in the project cost does not change project rates, no additional Commission approval is necessary; however, the District will be required to file an affidavit executed by its certified public accountant, verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that the District file with the Commission a copy of the engineer's certified bid tabulations for all contracts awarded for the project and submit a copy of the Certificate of Substantial Completion issued for each construction contract associated with the project, as soon as they become available.

IT IS FURTHER ORDERED that, if the project certificated herein requires the use of any West Virginia Department of Highways' rights-of-way, the District follow all applicable rules and regulations of the Department of Highways regarding those rights-of-way.

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

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, 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.

Meyishi Pearl Blair
Administrative Law Judge

MPB:cdk
100414a.wpd

HUTTONSVILLE PUBLIC SERVICE DISTRICT
CASE NO. 10-0414-PSD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial water service

RATES (customers with metered water supply)

First	3,000 gallons used per month	$11.64 per 1,000 gallons
Next	3,000 gallons used per month	$10.27 per 1,000 gallons
Next	4,000 gallons used per month	$ 8.79 per 1,000 gallons
Over	10,000 gallons used per month	$ 7.38 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $34.92 per month.

FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage or $50.33 per month.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

$1.51 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECURITY DEPOSIT

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

SURCHARGE FORMULA TO BE APPLIED IN THE CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SANITARY SYSTEM

APPLICABILITY

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

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

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collecting surface connected to the sanitary sewer, in square feet

R = The measured monthly rainfall, in inches

.0006233 = A conversion factor to change inches of rain x square feet of surface to thousand of gallons of water

C = The Utility's approved rate per thousand gallons of metered water usage

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

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

WEST VIRGINIA
Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

March 5, 2010

Bonnie Serrett
Huttonsville Public Service District
P.O. Box 277
Mill Creek, WV 26280

Re: Huttonsville PSD (Phase II-b of 97S-345)
2008S-1012b Binding Commitment
(Action Required by March 31, 2010)

Dear Ms. Serrett:

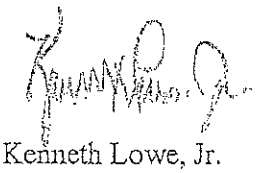
The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund loan of approximately $200,000 (Loan) and an Infrastructure Fund grant of approximately $1,200,000 (Grant) to the Huttonsville Public Service District (District) for the above referenced sewer project (Project). The Loan and Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan and Grant amounts will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan and Grant upon the District's compliance with the program requirements.

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

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

If the District has any questions regarding this commitment, please contact Angela K. Chestnut at 304-558-4607 (X201).

Sincerely,



Kenneth Lowe, Jr.

Attachment

cc: Mike Johnson, P.E., DEP *(via e-mail)*
David Watson, Thrasher Engineering, Inc. *(via e-mail)*
Shane Whitehair, Region VII Planning and Development Council *(via e-mail)*
John Stump, Steptoe & Johnson *(via e-mail)*
Samme Gee, Esq., Jackson Kelly *(via e-mail)*

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

Huttonsville Public Service District

By: _____

Its: _____

Date: _____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Huttonsville Public Service District
Sewer Project 2008S-1012b
March 5, 2010

SCHEDULE A

A. Approximate Amount:

$ 200,000	Loan
1,200,000	Grant
$1,400,000	Total

B. Loan: $ 200,000

1. Maturity Date: 40 years from date of closing.
2. Interest Rate: 0%
3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition.
4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

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

C. Grant: $1,200,000

5. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after advancement of all Loan funding.
6. *Special Conditions:* None

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

D. Other Funding: USDA-RUS grant $1,000,000

E. Total Project Cost: $2,400,000

F. Proposed User Rates: Approximately $45.69 / 4000 gallons

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Phase II-B

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR SERIES 2011 C BONDS AND BOND PROCEEDS

On this 25th day of April, 2011, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of the Public Service Board of Huttonsville Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Huttonsville Public Service District Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), issued in the principal amount of $200,000, as a single, fully registered Bond, numbered CR-1 and dated April 25, 2011 (the "Series 2011 C Bonds").

2. At the time of such receipt of the Series 2011 C Bonds upon original issuance, the Series 2011 C Bonds had been executed by the Chairman and Secretary of the Public Service Board of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2011 C Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2011 C Bonds, of $200,000, being the entire principal amount of the Series 2011 C Bonds.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Chairman

437410.00008

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2011 C BONDS

The Huntington National Bank, as
Bond Registrar for the Series 2011 C Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 25th day of April, 2011:

(1) Bond No. CR-1, constituting the entire original issue of Huttonsville Public Service District Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the principal amount of $200,000 dated April 25, 2011 (the "Series 2011 C Bonds"), executed by the Chairman and the Secretary of the Public Service Board of Huttonsville Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on April 21, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 21, 2011 (collectively, the "Bond Legislation");

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

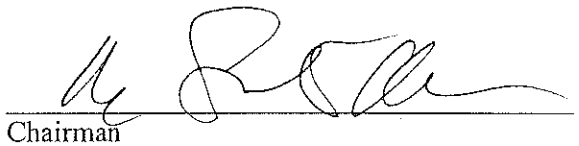
(3) Executed counterparts of the loan agreement dated April 25, 2011 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2011 C Bonds.

You are hereby requested and authorized to deliver the Series 2011 C Bonds to the Authority upon payment to the Issuer of the sum of $200,000, representing the entire principal amount of the Series 2011 C Bonds. Prior to such delivery of the Series 2011 C Bonds, you will please cause the Series 2011 C Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2011 C Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

HUTTONSVILLE PUBLIC SERVICE DISTRICT



Chairman

437410.00008

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2011 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR-1 $200,000

KNOW ALL MEN BY THESE PRESENTS: That on the 25th day of April, 2011, the HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO HUNDRED THOUSAND DOLLARS ($200,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013 to and including March 1, 2051 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated April 25, 2011.

This Bond is issued to (i) pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) fund the Series 2011 C Bonds Reserve Account; and (iii) pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on April 21, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 21, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond

Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1984 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BOND, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); (3) SEWER REVENUE BOND, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,934,000 (THE "SERIES 2003 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2003 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); (5) SEWER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 25, 2011, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2011 A BONDS"); AND (6) SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 25, 2011, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $800,000 (THE "SERIES 2011 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 C 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2011 A Bonds, Series 2011 B Bonds and the Prior Bonds, an amount at least equal to the requirement

therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the date first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 25, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $200,000	April 25, 2011	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Huttonsville PSD

IF

$200,000

0% Interest Rate

40 Years from the Closing Date

Dated Date	4/25/2011
Delivery Date	4/25/2011

Period Ending	Principal	Interest	Debt Service
3/1/2013	1,310		1,310
6/1/2013	1,310		1,310
9/1/2013	1,310		1,310
12/1/2013	1,310		1,310
3/1/2014	1,310		1,310
6/1/2014	1,310		1,310
9/1/2014	1,310		1,310
12/1/2014	1,310		1,310
3/1/2015	1,310		1,310
6/1/2015	1,310		1,310
9/1/2015	1,310		1,310
12/1/2015	1,310		1,310
3/1/2016	1,310		1,310
6/1/2016	1,310		1,310
9/1/2016	1,310		1,310
12/1/2016	1,310		1,310
3/1/2017	1,310		1,310
6/1/2017	1,310		1,310
9/1/2017	1,310		1,310
12/1/2017	1,310		1,310
3/1/2018	1,310		1,310
6/1/2018	1,310		1,310
9/1/2018	1,310		1,310
12/1/2018	1,310		1,310
3/1/2019	1,310		1,310
6/1/2019	1,310		1,310
9/1/2019	1,310		1,310
12/1/2019	1,310		1,310
3/1/2020	1,310		1,310
6/1/2020	1,310		1,310
9/1/2020	1,310		1,310
12/1/2020	1,310		1,310
3/1/2021	1,310		1,310
6/1/2021	1,310		1,310
9/1/2021	1,310		1,310
12/1/2021	1,310		1,310
3/1/2022	1,310		1,310
6/1/2022	1,310		1,310
9/1/2022	1,310		1,310
12/1/2022	1,310		1,310
3/1/2023	1,310		1,310
6/1/2023	1,310		1,310
9/1/2023	1,310		1,310

BOND DEBT SERVICE

Huttonsville PSD

IF

$200,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
12/1/2023	1,310		1,310
3/1/2024	1,310		1,310
6/1/2024	1,310		1,310
9/1/2024	1,310		1,310
12/1/2024	1,310		1,310
3/1/2025	1,310		1,310
6/1/2025	1,310		1,310
9/1/2025	1,310		1,310
12/1/2025	1,310		1,310
3/1/2026	1,310		1,310
6/1/2026	1,310		1,310
9/1/2026	1,310		1,310
12/1/2026	1,310		1,310
3/1/2027	1,310		1,310
6/1/2027	1,310		1,310
9/1/2027	1,310		1,310
12/1/2027	1,310		1,310
3/1/2028	1,310		1,310
6/1/2028	1,310		1,310
9/1/2028	1,310		1,310
12/1/2028	1,310		1,310
3/1/2029	1,310		1,310
6/1/2029	1,310		1,310
9/1/2029	1,310		1,310
12/1/2029	1,310		1,310
3/1/2030	1,310		1,310
6/1/2030	1,310		1,310
9/1/2030	1,310		1,310
12/1/2030	1,310		1,310
3/1/2031	1,310		1,310
6/1/2031	1,310		1,310
9/1/2031	1,310		1,310
12/1/2031	1,310		1,310
3/1/2032	1,310		1,310
6/1/2032	1,310		1,310
9/1/2032	1,310		1,310
12/1/2032	1,310		1,310
3/1/2033	1,310		1,310
6/1/2033	1,310		1,310
9/1/2033	1,310		1,310
12/1/2033	1,310		1,310
3/1/2034	1,310		1,310
6/1/2034	1,310		1,310
9/1/2034	1,310		1,310
12/1/2034	1,310		1,310
3/1/2035	1,310		1,310
6/1/2035	1,310		1,310

BOND DEBT SERVICE

Huttonsville PSD

IF

$200,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2035	1,310		1,310
12/1/2035	1,310		1,310
3/1/2036	1,310		1,310
6/1/2036	1,310		1,310
9/1/2036	1,310		1,310
12/1/2036	1,310		1,310
3/1/2037	1,310		1,310
6/1/2037	1,310		1,310
9/1/2037	1,310		1,310
12/1/2037	1,310		1,310
3/1/2038	1,310		1,310
6/1/2038	1,310		1,310
9/1/2038	1,310		1,310
12/1/2038	1,310		1,310
3/1/2039	1,310		1,310
6/1/2039	1,310		1,310
9/1/2039	1,310		1,310
12/1/2039	1,310		1,310
3/1/2040	1,310		1,310
6/1/2040	1,300		1,300
9/1/2040	1,300		1,300
12/1/2040	1,300		1,300
3/1/2041	1,300		1,300
6/1/2041	1,300		1,300
9/1/2041	1,300		1,300
12/1/2041	1,300		1,300
3/1/2042	1,300		1,300
6/1/2042	1,300		1,300
9/1/2042	1,300		1,300
12/1/2042	1,300		1,300
3/1/2043	1,300		1,300
6/1/2043	1,300		1,300
9/1/2043	1,300		1,300
12/1/2043	1,300		1,300
3/1/2044	1,300		1,300
6/1/2044	1,300		1,300
9/1/2044	1,300		1,300
12/1/2044	1,300		1,300
3/1/2045	1,300		1,300
6/1/2045	1,300		1,300
9/1/2045	1,300		1,300
12/1/2045	1,300		1,300
3/1/2046	1,300		1,300
6/1/2046	1,300		1,300
9/1/2046	1,300		1,300
12/1/2046	1,300		1,300
3/1/2047	1,300		1,300

BOND DEBT SERVICE

Huttonsville PSD
IF
$200,000
0% Interest Rate
40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2047	1,300		1,300
9/1/2047	1,300		1,300
12/1/2047	1,300		1,300
3/1/2048	1,300		1,300
6/1/2048	1,300		1,300
9/1/2048	1,300		1,300
12/1/2048	1,300		1,300
3/1/2049	1,300		1,300
6/1/2049	1,300		1,300
9/1/2049	1,300		1,300
12/1/2049	1,300		1,300
3/1/2050	1,300		1,300
6/1/2050	1,300		1,300
9/1/2050	1,300		1,300
12/1/2050	1,300		1,300
3/1/2051	1,310		1,310
	200,000		**200,000**

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

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ATTORNEYS AT LAW

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Writer's Contact Information

April 25, 2011

Phase II-B

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Huttonsville Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $200,000 Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated April 25, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, to and including March 1, 2051, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the Series 2011 C Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on April 21, 2011, as supplemented by a Supplemental Resolution duly adopted by

the Issuer on April 21, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (i) Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089 (the "Series 1984 B Bonds"); (ii) Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original aggregate principal amount of $356,000, (iii) Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000 (the "Series 2003 A Bonds"), (iv) Sewer Revenue Bonds, Series 2003 B, (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000 (the "Series 2003 B Bonds"), (v) Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated April 25, 2011, issued simultaneously herewith in the original aggregate principal amount of $1,050,000 (the "Series 2011 A Bonds"); and (vi) Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated April 25, 2011, issued simultaneously herewith in the original aggregate principal amount of $800,000 (the "Series 2011 B Bonds") all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

THOMAS R. ROSS II
Attorney at Law
209 Randolph Avenue
P.O. Box 2448
Elkins, WV 26241

Phone: (304) 637-0117

Facsimile: (304) 637-0119
Email: trross@citynet.net

Form of Opinion on Series 2011C Bonds of Counsel to Issuer

April 25, 2011

Phase II-B

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 C
West Virginia Infrastructure Fund

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Huttonsville Public Service District, a public service district, in Randolph County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2011 C Bonds dated April 25, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on April 21, 2011, as supplemented by the Supplemental Resolution duly adopted by the Issuer on April 21, 2011 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds") and orders of The County Commission of Randolph County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

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

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Bureau for Public Health, the Council, The County Commission of Randolph County, and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of resolution prescribing such rates and charges.

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

8. I have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1 D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and we have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts;

(2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

Thomas R. Ross II

Thomas R. Ross II

STEPTOE & JOHNSON PLLC
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Writer's Contact Information

April 25, 2011

Phase II-B

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We are special counsel to Huttonsville Public Service District, a public service district in Mill Creek, West Virginia (the "Issuer"). As such counsel, we have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project.

We are of the opinion that the Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered August 4, 2010, which became Final Order on August 24, 2010, in Case No. 10-0414-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving rates for the System and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. Such Order remains in full force and effect.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

437410.00008

THOMAS R. ROSS II
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209 Randolph Avenue
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email: trross@citynet.net

April 21, 2011

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Huttonsville Public Service District - Phase II-B
Final Title Opinion

Dear Ladies & Gentlemen:

I represent the Huttonsville Public Service District (the "District") with regard to a proposed project to upgrade the sewer system in the Dailey and Valley Bend areas of Randolph County together with all appurtenant facilities (collectively, the "Project"), and provide this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Infrastructure & Jobs Development Council (the "IJDC") with regard to the financing proposed for the Project. Please be advised of the following:

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

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

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Randolph County, West Virginia, the county in which the Project is to be

located, and, in my opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

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

Sincerely,

Thomas R. Ross II

Thomas R. Ross, II

TRR/bng

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Huttonsville Public Service District in Randolph County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify, on this the 25th day of April, 2011, in connection with the Issuer's Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2011 C Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted April 21, 2011, and the Supplemental Resolution duly adopted April 21, 2011 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds,

the acquisition and construction of the Project, the operation of the System, the receipt of Grant proceeds or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

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

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 C Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's: (i) Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089 (the "Series 1984 B Bonds"), (ii) Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original aggregate principal amount of $356,000 (the "Series 2001 A Bonds), (iii) Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000 (the "Series 2003 A Bonds"), (iv) Sewer Revenue Bonds, Series 2003 B, (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000 (the "Series 2003 B Bonds"), (collectively, the "Prior Bonds"); (v) Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated April 25, 2011, issued simultaneously herewith in the original aggregate principal amount of $1,050,000 (the "Series 2011 A Bonds"); and (vi) Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated April 25, 2011, issued simultaneously herewith in the original aggregate principal amount of $800,000 (the "Series 2011 B Bonds").

Other than the Prior Bonds, Series 2011 A Bonds and Series 2011 B Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2011 C Bonds as to liens, pledges and/or source of and security for payment.

The Issuer has obtained: (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2011 A Bonds, Series 2011 B Bonds and Series

2011 C Bonds. The Series 2001 A Bonds do not require consent. Other than the Prior Bonds, the Series 2011 A Bonds, Series 2011 B Bonds and the Series 2011 C Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

Prior Bond Resolutions

Consent of USDA to Issuance of Parity Bonds

Consent of WDA to Issuance of Parity Bonds

Infrastructure Council Loan Agreement for Series 2011 C Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Filing

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Bureau for Public Health Permit

United States Department of Agriculture Grant Agreement

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Huttonsville Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Randolph County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Steve Wamsley	November 19, 2009	June 30, 2015
Gary Morgan	February 15, 2011	June 30, 2014
Stewart Allen	January 4, 2011	June 30, 2016

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

Chairman – Steve Wamsley
Secretary – Louise A. McAtee

The duly appointed and acting Attorney for the Issuer is T.R. Ross, Esquire, Elkins, West Virginia and the duly appointed Special PSC Counsel for the Issuer is Steptoe & Johnson PLLC, Charleston, West Virginia.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the

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

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

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

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

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on August 4, 2010 which became Final Order on August 24, 2010 in Case No. 10-0414-PSD-CN approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the Order has expired prior to the date hereof. Such Order remains in full force and effect.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered entered on August 4, 2010 which became Final Order on August 24, 2010 in Case No. 10-0414-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 the Order has expired prior to the date hereof. Such Order is in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $200,000 from the Authority and the Council, being the entire principal amount of the Series 2011 C Bonds.

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

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

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

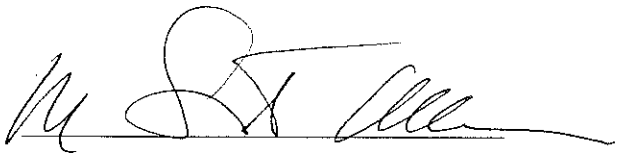
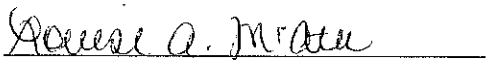
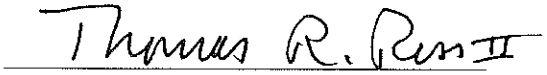
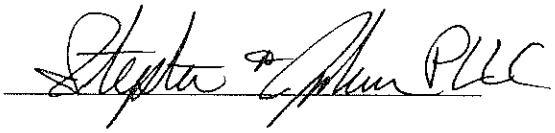
18. GRANTS: As of the date hereof the following grants are committed and in full force and effect: (i) the grant from the United States Department of Agriculture, Rural Utilities Service in the amount of $1,000,000; and (ii) the grant from the Council in the amount of $1,025,000.

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

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

WITNESS our signatures and the official seal of HUTTONSVILLE PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to the Issuer
	Special PSC Counsel

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Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Kenneth P. Moran, Registered Professional Engineer, West Virginia License No. 11309, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 25th day of April, 2011 as follows:

1. My firm is engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing sewerage system (the "System") of Huttonsville Public Service District (the "Issuer") to be constructed primarily in Randolph County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on April 21, 2011, as supplemented by the Supplemental Resolution adopted by the Issuer on April 21, 2011, and the Loan Agreement for the Series 2011 C Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated April 25, 2011 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the Series 2011 C Bonds Reserve Account; and (iii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Authority and the Council, and any change orders approved by the Issuer, and the Council, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, T.R. Ross, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia

Code; (vi) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Bennett & Dobbins, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Issuer will serve no new customers.

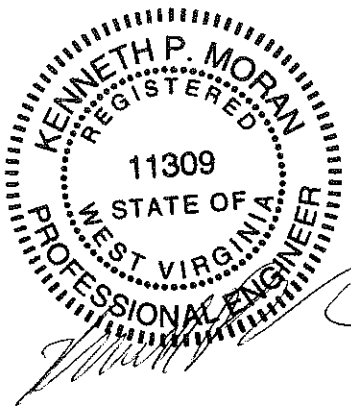
[Remainder of Page Intentionally Blank]

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

THRASHER ENGINEERING, INC.

(SEAL)

Kenneth P. Moran, P. E.
West Virginia License No. 11309



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4/11/2011

SCHEDULE B
HUTTONSVILLE PSD
PHASE IIB
SEWER PROJECT
2008S-1012B

A. COST OF PROJECT		TOTAL PROJECT	RUS GRANT	WVIJDC GRANT	WVIJDC LOAN
1 Construction	J.F. Allen	1,441,559.40	554,050.00	887,509.40	0.00
Jetter		45,000.00	45,000.00	0.00	0.00
Contingency		247,850.60	110,360.00	137,490.60	0.00
2 Technical Services	Thrasher				
a. Study		10,000.00	0.00	0.00	10,000.00
b. Basic		181,000.00	36,200.00	0.00	144,800.00
c. Resident Project Rep.		110,000.00	110,000.00	0.00	0.00
d. Additional Services		34,000.00	21,540.00	0.00	12,460.00
3 Legal & Fiscal					
a. Legal	TR Ross II	20,000.00	20,000.00	0.00	0.00
b. PSC Counsel	Steptoe & Johnson	8,000.00	0.00	0.00	8,000.00
c. Accounting	Bennett & Dobbins	4,000.00	0.00	0.00	4,000.00
4 Administrative	RCAP	0.00	0.00	0.00	0.00
5 Sites & Other Lands					
6 a. Lands & ROWs		52,000.00	52,000.00	0.00	0.00
b. Lands (Morgan Haymond)		5,850.00	5,850.00	0.00	0.00
7 Project Contingency		45,000.00	45,000.00	0.00	0.00
8 TOTAL of Lines 1 through 7		2,204,260.00	1,000,000.00	1,025,000.00	179,260.00
B. COST OF FINANCING					
9 Capitalized interest		0.00	0.00	0.00	0.00
10 Reserve		5,240.00	0.00	0.00	5,240.00
11 Registrar		500.00	0.00	0.00	500.00
12 Bond Counsel (S&J)		15,000.00	0.00	0.00	15,000.00
14 Total Cost of Financing (Lines 15 and 16)		20,740.00	0.00	0.00	20,740.00
15 Total Cost of Project (Line 8 + Line 14)		2,225,000.00	1,000,000.00	1,025,000.00	200,000.00
C. SOURCES OF FUNDS					
16 Federal Grants (RUS)	*see Notes	1,000,000.00	1,000,000.00	0.00	0.00
17 State Grants (WVIJDC)	*see Notes	1,025,000.00	0.00	1,025,000.00	0.00
18 Other Grants		0.00	0.00	0.00	0.00
19 Any Other Source		0.00	0.00	0.00	0.00
20 TOTAL GRANTS Lines 16 through 19		2,025,000.00	1,000,000.00	1,025,000.00	0.00
21 Net Proceeds required from Bond Issue (Line 15 minus Line 20)		200,000.00	0.00	0.00	200,000.00

**Note: IJDC Grant originally committed at $1,200,000; due to bid underrun, grant reduced to $1,025,000*
**Note: IJDC Grant limited t0 50% of project*
**Note: USDA Grant limited t0 45% of project*

Huttonsville Public Service District — Date 4/21/11

Thrasher Engineering Inc. — Date 4/12/11

Bennett & Dobbins PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

April 25, 2011

Phase II-A
Phase II-B

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Sewer Revenue Bonds, Series 2011 B; and
Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia (the "PSC"), entered on March 26, 2010, which became Final Order on April 15, 2010 in PSC Case No. 09-1927-PSD-CN, and Recommended Decision of the PSC entered August 4, 2010, which became Final Order on August 24, 2010 in PSC Case No. 10-0414-PSD-CN, and projected operating expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Huttonsville Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will 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 Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture) issued in the original aggregate principal amount of $1,050,000, Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund) issued in the original aggregate principal amount of $800,000, and Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the original aggregate principal amount of $200,000 (collectively, the "Series 2011 Bonds");

and all other obligations secured by or payable from such revenues, including the Issuer's: (i) Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089 (the "Series 1984 B Bonds"); (ii) Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original aggregate principal amount of $356,000 (the "Series 2001 A Bonds"); (iii) Sewer Revenue Bond, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000 (the "Series 2003 A Bonds"); and (iv) Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000 (the "Series 2003 B Bonds") (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2011 Bonds are issued will be at least 115% of the average annual debt service on the Prior Bonds and the Series 2011 Bonds, and (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus, the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of an interest on the Bonds and the Prior Bonds.

Very truly yours,

Bennett & Dobbins PLLC

BENNETT & DOBBINS PLLC

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 25th day of April, 2011, the undersigned Chairman of the Public Service Board of Huttonsville Public Service District in Randolph County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of its $200,000 Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated April 25, 2011 (the "Series 2011 C Bonds" or the "Bonds"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on April 21, 2011 as supplemented by Supplemental resolution duly adopted on April 21, 2011 (collectively, the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 25, 2011, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2011 C Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2011 C Bonds were sold on April 25, 2011, to the Authority, pursuant to a loan agreement dated April 25, 2011, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $200,000 (100% of par), at which time, the Issuer received $200,000 from the Authority and the Council, being the entire principal amount of the Series 2011 C Bonds. No accrued interest has been or will be paid on the Series 2011 C Bonds.

6. The Series 2011 C Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) funding the Series 2011 C Bonds Reserve Account; and (iii) paying certain costs of issuance of the Series 2011 C Bonds and related costs.

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

8. The total cost of the Project is estimated at $2,225,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2011 C Bonds	$ 200,000
USDA Grant	1,000,000
Council Grant	1,025,000
Total Sources	$ 2,225,000
USES	
Costs of Acquisition and Construction of the Project	$2,204,260
Series 2011 C Bonds Reserve Account	5,240
Costs of Issuance	15,500
Total Uses	$2,225,000

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

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

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

(3) Series 2011C Bonds Construction Trust Fund;

(4) Series 2011 C Bonds Sinking Fund; and

(5) Series 2011 C Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 2011 C Bonds will be deposited as follows:

(1) Series 2011 C Bonds proceeds in the amount of $5,240 will be deposited in the Series 2011 C Bonds Reserve Account.

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

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

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

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

14. With the exception of the amount deposited in the Series 2011 C Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 18 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

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

24. A. The Issuer has issued its Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), dated April 25, 2011, issued in the original aggregate principal amount of $1,050,000 (the "Series 2011 A Bonds") and Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated April 25, 2011, issued in the original aggregate principal amount of $800,000 (the "Series 2011 B Bonds") to finance another sewer improvement project.

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

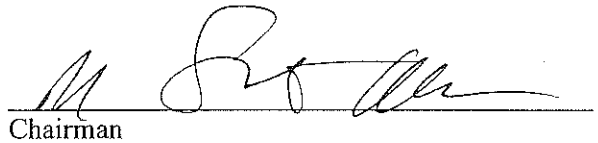
25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

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

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

WITNESS my signature on the date first written above.

HUTTONSVILLE PUBLIC SERVICE DISTRICT



Chairman

437410.00008

5/12/1972

IN THE COUNTY COURT OF
RANDOLPH COUNTY,
WEST VIRGINIA

IN RE: Huttonsville Sewage Public Service Distric

This day came James F. Cain, who presented to the a duly attested copy of a resolution passed by unanimous vo the Town Council of Mill Creek held on May 2, 1972, and cam Omar Bartlett, Mayor of the Town of Huttonsville, who notif: the Court that a similar resolution had been adopted by the Council of Huttonsville, and the Court, after having examine resolutions, is of the opinion that both governmental bodies requested the Randolph County Court to act to create a Publi Service District for Huttonsville Magisterial District, and being the opinion of the Court that such relief should be gr accordingly, it is ORDERED that a public hearing shall be he determine whether or not such public service district should created.

It is further ORDERED that such public hearing shal open to all of the residents of Huttonsville District of Ran County, West Virginia, and that at such hearing, testimony sl be taken to determine whether or not it will be for the best interests of such inhabitants to create a public service dist for the whole of Huttonsville District of Randolph County, We Virginia.

It is further ORDERED that such hearing shall be hal on Tuesday, June 13th, 1972, at 2:00 P. M. or as soon thereaf as the matter may be heard, in the County Court Room of the Randolph County Court House, Elkins, West Virginia.

It is further ORDERED that the Clerk of this Court s cause a copy of a notice to be prepared, to be published in b the Elkins Inter-Mountain and the Randolph Enterprise-Review a Class I Legal Advertisement, and that such publication shal made at least 10 days prior to June 13th, 1972.

2

It is further ORDERED that notice shall also be p in at least five (5) conspicious places in the Huttonsvill Service District, containing the same information as is co in the published notice. It is further ORDERED that such notices shall be posted not less than ten (10) days prior hearing.

ENTER: This the 12th day of May, 1972.

RANDOLPH COUNTY COURT

BY _____
Its President

ATTEST:

_____
Clerk of County Court

6/13/72

State of West Virginia,
Randolph County, ss:

At a Regular Session of the County Court, held in and the aforesaid County and State, at the Court House thereof, o Tuesday, June 13, 1972.

Present: Barrett L. Liggett, President, and Fred S. Poling, Commissioner thereof.

The following order was made and entered of record:

IN RE: THE CREATION OF THE HUTTONSVILLE PUBLIC SERVICE D

This day this matter came on again for hearing upon resolutions in writing heretofore filed with this Court, requ the creation of a Public Service District for Huttonsville Di for the purpose of upgrading the sewer services and distribut system for those persons residing in such district; and upon notice of a public hearing required by statute to be publishe and upon the certificate of publication of such notice evidenc the publication of such notice.

Whereupon, this matter came on for hearing, and came t Mayor of Huttonsville and the Mayor of Mill Creek who moved th Court to create such Public Service District and the Court hav ascertained: that there was no objection or opposition thereto and the Court being of the opinion that it is in the best inte and public welfare to grant such relief; the Court being of th further opinion that the construction, acquisition, maintenanc operation of the sewerage service and distribution system woul conducive to the preservation of public health, comfort and co venience of said area; and the rights of no individual would b adversely affected, according, it is

ADJUDGED and ORDERED that the Public Service District and it is hereby created which shall be known as the Huttonsvi Public Service District comprising all of Huttonsville Magiste District as heretofore created by order entered by the Randolp County Court aforesaid on date of Tuesday, March 3, 1942, foun records of the Randolph County Court in Election Precinct Reco Book No. 1 beginning at Page 58, reference being herein made t the order aforesaid for a more particular metes and bounds de- scription of the Public Service District herein created.

It is further ADJUDGED and ORDERED that the boundary l as set out in such order shall govern the Public Service Distr hereby created, it being the intention of the Commissioners afo said to create such Public Service District for the entire Hutt ville Magisterial District.

WHEREUPON, the Court does further ADJUDGE and ORDER tha such Public Service District shall be governed by a Public Serv Board consisting of not less than three members to be selected accordance with West Virginia Code Chapter 16 Article 13a Secti 3 (1953 as amended) and it is accordingly

ADJUDGED and ORDERED that the following Board Members a appointed for the respective terms of office running from June 1 1972.

Mayor of Huttonsville - Two year term
Russell Linger, Jr. - 4 year term
Mayor of Mill Creek - Six year term

It is further ADJUDGED and ORDERED that the aforesaid three Board members shall appear before the Clerk of this Court and qualify as members of such Public Service Board by taking the oath of office administered by the Clerk of this Court as in such cases is required by law.

Attest: Barrett L. Liggett, President

State of West Virginia,
Randolph County, to wit:

I, Virgil Hamrick, Clerk of the County Court in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Court Order Recordsof my office. AND I DO FURTHER CERTIFY that inder the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of my office, in my office in the City of Elkins, Randolph County West Virginia, this the 13th day of June, 1972.

Virgil Hamrick
Clerk

Attest Virgil Hamrick Clerk

3/28/1996

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS;

AT A REGULAR SESSION of the County Commission held in and for the aforesaid County and State, at the Court House Annex on May 10, 1993.

Present: Jimmie R. Bennett, President and Thomas A. Wamsley and Judy Guye, Commissioners theroef.

Court opened by Joyce Johns.

VERA, DIANA - REQUEST FOR EXONERATION - Diane Vera appeared before the Commission and requested an exoneration of taxes on a parcel of property in Elkins Corporation. Map 14 Parcel 4. She stated that she had purchased the property for $10,000.00

No action.

BOB ADAMS-THOMAS LISTON - to discuss -Dailey-Valley Bend area-creating a new PSD. Mr. Bennett read a letter from State Public service Commission-stating they did not recommend a creatio of a new district, beacause of higher rates. Mr. Adams, als, citizens from Dailey-Valley Bend area requested to withdraw their request of creating a new PSD.

Mr. Adams stated they felt their area should be represented on the Huttonsville PSD and have a say where the lines go, etc.

R. H. Talbott, Jr. Attorney for "Valley Water Company" asked the Commission to withdraw their request for the creation of a new PSD in the Dailey-Valley Bend Area.

Motion made by Judy Guye and seconded by Thomas A. Wamsley to write a letter to the PS Commission to withdraw their request for a creation of a new PSD in the Dailey-Valley Bend Area.

Motion made by Thomas A. Wamsley and seconded by Judy Guye to approve the enlargement of the Huttonsville PSD to include the Valley Bend Magisterial District.

ERREONOUS ASSESSMENT - Motion made by Thomas A. Wamsley and seconded by Judy Guye to approve the partial erreonous assessment in the name of Margaret Helmick and Richard Fitzpatrick in the amount of $210.04.

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 28th day of March, 19 96.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

4/1/96

HUTTONSVILLE PUBLIC SERVICE DISTRICT

ORDER

By order entered by the Public Service Commission of West Virginia on November 12, 1993, the petition of the Randolph County Commission for consent and approval to enlarge the boundaries of the Huttonsville Public Service District was granted and such order having become the final order of the Public Service Commission on December 2, 1993, it is hereby ORDERED that the Huttonsville Public Service District be enlarged to include the area of the Valley Bend Magisterial District.

It is further ORDERED that a certified copy of this order be filed with the Public Service Commission within ten (10) days from the entry hereof.

Enter: This 1 day of April, 1996.

Judith A. Guye
PRESIDENT

ATTEST:
Ramitta Lloyd
CLERK

(SEAL)

~~State~~ of West Virginia, County of Randolph, ss.

The Randolph County Commission in response petition filed by the Huttonsville Public Service D that requests the County Commission to enlarge the Huttonsville Public Service District to include the Valley Bend Magisterial District.

Any Randolph County citizen may participate by giving oral or written comments to the Randolph County Commission pertaining to this matter at said Public Hearing.

Said hearing will be held May 3, 1993 at 7:00 p.m. at the Dailey Fire Hall, Dailey, West Virginia.

Randolph County Commission

4—22

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

April 13

19 93 as required by law.

Given under my hand this 22 day of April 19 93

Publisher

Printer's Fee: $ 7.12

OFFICIAL SEAL
Notary Public, State of West Virginia
[illegible]
My Commission Expires April 15, 2002

Subscribed and sworn to before me this 22 day of April, 19 93.

Notary Public

My Commission Expires the 15 day of April, 19 2002.

ORIGINAL

ENTERED
OR 93-S Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
12-2-93

Entered: November 12, 1993

CASE NO. 93-0448-PSD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval to enlarge the Huttonsville Public Service District.

RECOMMENDED DECISION

PROCEDURE

On May 13, 1993, the Randolph County Commission, Randolph County, filed a petition with the Commission, pursuant to West Virginia Code (Code) §24-2-12 and §16-13A-2, for consent and approval to enlarge the boundaries of the Huttonsville Public Service District (District).

On July 16, 1993, Staff Attorney Drexel M. Vealey, Esquire, filed the Initial and Final Joint Staff Memorandum, recommending that the Randolph County Commission be authorized to enlarge the District as proposed.

On July 23, 1993, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges for decision on or before December 10, 1993. In response to the Commission Referral Order on August 12, 1993, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to be followed in processing and resolving this matter, including a October 12, 1993 hearing date. The August 12, 1993 Procedural Order also directed the Randolph County Commission to publish a Notice of Hearing, once a week for two (2) successive weeks, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Randolph County, West Virginia.

On October 12, 1993, the hearing was held as scheduled before the ALJ. The Randolph County Commission appeared by its President, Jimmie R. Bennett, pro se; the District appeared by counsel, T. R. Ross, II, Esquire; the Valley Water Company appeared by counsel, Richard Talbott, Esquire; and Commission Staff appeared by counsel, Staff Attorney Vealey. No one appeared to oppose the proposal to enlarge the District's boundaries. Several members of the public appeared, pro se, to voice their support for the proposal.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

The Randolph County Commission presented the testimony of one witness and presented two post-hearing exhibits. Six public witnesses presented their testimony. No other evidence was presented.

EVIDENCE

The only witness to testify on behalf of the Randolph County Commission was its President, Jimmie R. Bennett. He outlined the procedures followed by the Randolph County Commission when it adopted the proposal to enlarge the District's boundaries. He opined that all notice requirements of Code §16-13A-2 had been followed by the Commission. He verified that the Commission had voted at a regular meeting held on May 10, 1993, to enlarge the District's boundaries, after first giving the public notice as prescribed by the Code. He explained that a special meeting was held on May 3, 1993, pursuant to the public notice, and the regular meeting was held on May 10, 1993, when the petition was granted. He also indicated that the Notice of Hearing for the instant hearing before the ALJ had been properly published. He indicated that the Randolph County Commission would file a post hearing exhibit comprising the affidavits of publication indicating proper notice. (Tr., pp. 9-12).

Six public witnesses, i.e., Bob Adams, Lawrence Betler, Janice Carter, Lola Vanover, Thomas Liston, and Alice Kemp, presented statements on their own behalf, all voicing their support for the proposed enlargement of the District. (Tr., pp. 17-18).

Post-Hearing Exhibit No. 1 is an affidavit of publication indicating that a Notice had been published on April 22, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County. This notice indicated that the District had petitioned the Randolph County Commission to enlarge its boundaries, and that a hearing would be held on May 3, 1993, at 7:00 p.m., at the Daily Fire Hall, Dailey, West Virginia, whereby the public could present oral or written comments pertaining to the proposal to enlarge the District's boundaries.

Post-Hearing Exhibit No. 2 is an affidavit of publication indicating that the Notice of Hearing of the October 12, 1993 hearing before the ALJ had been published as directed on September 24, 1993, and on October 1, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County.

DISCUSSION

Upon consideration of all of the above, since all notice requirements of Code §16-13A-2 have been satisfied as indicated by the affidavits of publication presented as Post-Hearing Exhibits, and since no one appeared at the hearing in opposition to the proposed enlargement of the District's boundaries, the ALJ will grant the petition.

PUBLIC SERVICE COMMISSION
OF W GINIA
C N

FINDINGS OF FACT

1. The Randolph County Commission filed a petition with the Commission, pursuant to Code §24-2-12 and §16-13A-2, for consent and approval to enlarge the boundaries of the Huttonsville Public Service District. (See, Petition, filed May 13, 1993).

2. The Randolph County Commission, at a regular meeting, held on May 10, 1993, approved a petition filed by the District, to enlarge the District's boundaries, after first giving public notice of the petition, by publication of such notice on April 22, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County. (See, Testimony of Jimmie R. Bennett, Tr., pp. 9-12; Post Hearing Exhibit No. 1).

3. The Randolph County Commission published the Notice of Hearing, as directed by the ALJ, on September 24, 1993, and on October 1, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County. (See, Post-Hearing Exhibit No. 2; Testimony of Jimmie R. Bennett, Tr., pp. 9-12).

4. No one appeared at the hearing to oppose the proposed enlargement of the District. (See, Tr., generally, pp. 1-20).

5. Six public witnesses, testifying on their own behalf, voiced their support for the petition. (See, Testimony of Bob Adams, Lawrence Betler, Janice Carter, Lela Vanover, Thomas Liston and Alice Kemp, Tr., pp. 17-18).

CONCLUSIONS OF LAW

1. Code §16-13A-2 provides that, in order to enlarge a public service district, the county commission in the county where the district is located shall notify the public by publishing a notice as a Class I legal advertisement, and by posting the notice in the proposed service area. The notice must contain the date, time, and place of the public hearing to consider such proposal, and it must be published at least ten (10) days prior to such public hearing. (See, Code §16-13A-2).

2. For all of the reasons set forth in Findings of Fact Nos. 2 and 3, and Conclusion of Law No. 1, it is reasonable to conclude that the Randolph County Commission has substantially complied with the notice requirements of Code §16-13A-2.

3. For all of the reasons set forth in Findings of Fact Nos. 3, 4 and 5, and Conclusions of Law Nos. 1 and 2, it is reasonable to grant the petition.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed with the Commission on May 13 1993, by the Randolph County Commission, pursuant to Code §24-2-12 and §16-13A-2, for consent and approval to enlarge the boundaries of the Huttonsville Public Service District, be, and it hereby is, granted.

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

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

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

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

Ronnie Z. McCann
Administrative Law Judge

RZM:pst

2/14/94

IN THE COUNTY COMMISSION OF
RANDOLPH COUNTY, WEST VIRGINIA

IN RE: Huttonsville Public Service District

ORDER

WHEREAS, Huttonsville Public Service District ("the District") has entered into an agreement to acquire certain assets of Valley Water Company which presently furnishes water service to customers within the Valley Bend Magisterial District, and

WHEREAS, the District has applied for certain loans and grants to finance improvements to the existing water distribution system, and a grant from the Small Cities Block Grant Program has already been awarded to the Randolph County Commission for the District's project, and

WHEREAS, the District as now created is only authorized to provide sewage service in the Huttonsville and Mill Creek areas and in the Valley Bend Magisterial District,

NOW, THEREFORE, in order for the District to proceed with such project, the County Commission of Randolph County hereby ORDERS:

1. That the provision of water services by the Huttonsville Public Service District in the territory which comprises the Valley Bend Magisterial District be and the same is hereby proposed.

2. That the territory to be served by the District is all territory which is included within the boundaries of the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend.

3. That a public hearing to consider and determine the feasibility of the provision of water services by the District shall be held by the County Commission on Monday, March 7, 1994, at 7:00 o'clock a.m. at the County Commission Meeting Room in the Randolph County Courthouse Annex.

Enter: This 14th day of February, 1994.

Jimmie R. Bennett
PRESIDENT

Attest:
Rosetta Lloyd
CLERK

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 28th day of March, 19 96.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 28th day of March, 19 96.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

3/7/94

IN THE COUNTY COMMISSION
OF RANDOLPH COUNTY, WEST VIRGINIA

IN RE: APPROVAL OF PROVISION OF WATER SERVICES BY HUTTONSVILLE PUBLIC SERVICE DISTRICT

ORDER

Pursuant to the order of this County Commission entered on February 14, 1994, a public hearing was held on March 7, 1994, at 7:00 p.m. to consider and determine the feasibility of approving the provision of water services by Huttonsville Public Service District in the territory comprising the Valley Bend Magisterial District.

Pursuant to the provisions of West Virginia Code Section 16-13A-2, the County Clerk caused notice of the hearing and the time and place thereof to be published as a Class I legal advertisement in the Elkins Inter-Mountain on February 23, 1994, at least ten (10) days prior to said hearing. In addition, copies of such notice were posted in at least five (5) public places in the territory comprising the Valley Bend Magisterial District.

At said hearing no persons appeared in opposition to the proposal.

After due consideration, the County Commission finds that:

1. The proposed provision of water services by the Huttonsville Public Service District is feasible and the acquisition by the District of the operating assets of the Valley Water Company and the maintenance, operation, improvement and extension of the water system in the territory of the Valley Bend Magisterial District and

the provision of water service to the residents thereof by the Huttonsville Public Service District will be conducive to the preservation of public health, comfort and convenience of such area;

2. No other public service district can adequately serve the area in question.

Based upon the foregoing, the County Commission hereby approves the provision of water services by the Huttonsville Public Service District within the territory comprising the Valley Bend Magisterial District all of which lies within the boundaries of the Huttonsville Public Service District, and it is hereby ORDERED that the said District is authorized to provide such water services.

It is further ORDERED that a certified copy of this order be filed with the Public Service Commission within ten days from the entry hereof.

Enter: This 7th day of March, 1994.

Jimmie R. Bennett
PRESIDENT

ATTEST:
Rosetta Lloyd
CLERK

(SEAL)

State of West Virginia,
Randolph County, to wit:

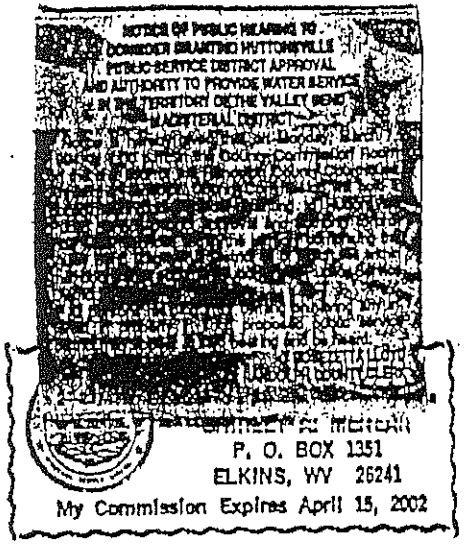
I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 11th day of March, 19 94.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

State of West Virginia, County of Randolph, ss.


NOTICE OF PUBLIC HEARING RE: ... PUBLIC SERVICE DISTRICT APPROVAL AND AUTHORITY TO PROVIDE WATER SERVICE ... TERRITORIAL DISTRICT ...
P. O. BOX 1351
ELKINS, WV 26241
My Commission Expires April 15, 2002

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

Feb 23 ---------- ---------- ----------

19 94 as required by law.

Given under my hand this 23 day of February 19 94

James Hoffman
Publisher

Printer's Fee: $ 11 50

Subscribed and sworn to before me this 23 day of February, 19 94.

Shirley A. Keneas
Notary Public

My Commission Expires the 15 day of April 19 2002

ORIGINAL

ENTERED
OR 94-I Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
6-20-94

Entered: May 31, 1994

CASE NO. 94-0133-PWD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval for Huttonsville Public Service District to encompass and provide water service within the boundaries of the Valley Bend Magisterial District including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend.

RECOMMENDED DECISION

On February 24, 1994, the Randolph County Commission filed a petition for the Commission's consent and approval for the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend, in accordance with the provisions of West Virginia Code §16-13A-2.

By Order dated March 1, 1994, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before September 20, 1994.

In a Final Joint Staff Memorandum, filed April 13, 1994, Susan J. Riggs, Esquire, Staff Attorney, advised that the Staff had reviewed the filing made by the Randolph County Commission on February 24, 1994, and Staff believes that the County Commission's order requesting this action to be in the public interest.

In accordance with the requirements of West Virginia Code §16-13A-2, by order dated March 30, 1994, this matter was set for hearing to be held in the Council Chambers, City Building, 401 Davis Avenue, Elkins, West Virginia, on May 12, 1994.

Said order also required that the County Commission publish a notice of hearing setting forth the time, date and site of the hearing to be held on May 12, 1994. The publication was made as required as is evidenced by the affidavit of publication in the case file.

The hearing was held as scheduled on May 12, 1994. The County Commission appeared in the persons of Mrs. Judith Guye and Mr. Thomas

Andrew Wamsley, two of the three County Commissioners. Commission Staff was represented by Cassius Toon, Esquire, Staff Attorney. Since no one appeared in protest to the petition, no evidence was taken and the matter was submitted as an unprotested case.

FINDINGS OF FACT

1. On February 24, 1994, the Randolph County Commission filed a petition for the Commission's consent and approval for the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend, in accordance with the provisions of West Virginia Code §16-13A-2. (See, County Petition).

2. In a Final Joint Staff Memorandum filed April 13, 1994, Susan J. Riggs, Esquire, Staff Attorney, explained that the County Commission's petition had been reviewed and that Staff was of the opinion that the County Commission's order requesting the action is in the public interest. (See, Final Joint Staff Memorandum dated April 11, 1994).

3. In an order dated March 30, 1994, this matter was set for hearing to be held in the Council Chambers, City Building, Elkins, West Virginia, on May 12, 1994 and said order required that a notice of the hearing be published setting forth the date, time and place of the hearing. (See, Order dated March 30, 1994).

4. The Randolph County Commission made proper publication of the notice of hearing as required by the order of March 30, 1994, as is evidenced by the affidavit of publication in the case file. (See, Affidavit of Publication, case file).

5. At the hearing held in this matter on May 12, 1994, no one appeared in protest to the Randolph County Commission's petition, whereupon the matter was submitted as an unprotested case. (See, Tr., p. 4).

DISCUSSION

This case involves a petition filed by the Randolph County Commission seeking consent and approval from the Public Service Commission to allow the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend. In accordance with provisions of West Virginia Code §16-13A-2, a hearing was scheduled to be held in Randolph County on May 12, 1994, and a notice of hearing was properly published as required by the Commission. At the hearing held in this matter on May 12, 1994, no one appeared to make protest to the Randolph County Commission's petition whereupon, the matter was submitted as an unprotested case.

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since a public hearing was held in Randolph County, in accordance with the provisions of West Virginia Code §16-13A-2, on the petition filed by the Randolph County Commission and no one appeared at the hearing to make protest to the petition, after proper publication was made of a notice of the hearing, said petition can be approved as an unprotested case.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Randolph County Commission, filed on February 24, 1994, seeking approval for the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend, be, and the same hereby is, approved.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:pst

Order Book Y-63 F

11/18/96

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on Monday, November 18, 1996, at 1:30 P. M.

Present: Judith A. Guye, President and Thomas A. Wamsley and Ira J. Coberly, Commissioners thereof.

Court opened by Sheriff Willard Herron.

Prayer was led by President Guye.

Pledge of Allegiance was led by Commissioner Coberly.

Minutes from the previous meeting was read and approved.

GENERAL ELECTION 1996 - Motion made by Commr. Coberly and seconded by Commr. Wamsley to certify the results of the November 5, 1996 General Election. So ordered.....

ERRONEOUS ASSESSMENT - Motion made by Commr. Wamsley and seconded by Commr. Coberly to approve the correction of the erroneous assessment. So ordered.....

PROSECUTING ATTORNEY - Newly Elected Prosecuting Attorney, Earl Maxwell discussed the needs for the Prosecuting Attorney-salaries, equipment, etc. Motion was made by Commr. Coberly and seconded by Commr, Wamsley to allocate to the Prosecuting Attorney at least $10,000.00 for the 1996-97 Budget (Extra) So ordered...

Joe Marshall - Co owner of the Cheat River Inn discussed reports from the Convention Visitors Bureau. Mr. Marshall asked questions of the Commission and President Guye said they would discuss this at a later date. President Guye told Mr. Marshall that Lisa Stanley-State Tax Department - told the Commission they could not make the CVB do an external audit. Roxie Marshall said she had talked to Mack Parsons and he said that an audit by the State could be done if the Commission would authorize it.

Hotel-Motel-Tax - Charlie Friddle discussed the Hotel-Motel Tax with the Commission and the need that the CVB has for the Hotel Motel Tax. Charlie told the Commission that CVB would welcome an audit of their books.

BUDGET REVISION - Motion made by Commr. Coberly and seconded by Commr. Wamsley to make a budget adjustment of $5,000.

Increase Revenue	+$45,0000
Line item Budget-Midland PSD (Inter Connection with Beverly Water)	-$45,000.00

So ordered.....

RANDOLPH COUNTY HOUSING AUTHORITY - Jocie Cuda- Randolph County Housing Authority asked the Commission to set up a public hearing for Special Allocation of Funds for the Randolph County Authority - $250,000 - affordable rental units - first preference to flood victims (January Flood) and then to other flood victims.

Motion was made by Commr. Coberly and seconded by Commr. Wamsley to h old a public hearing on December 2, 1996 at 7:30 P.M. at the Court House Annex. So ordered.....

HUTTONSVILLE PSD - Motion made by Commr. Coberly and seconded by Commr. Wamsley to endorse the enlarging of the Huttonsville PSD- and a public hearing will be held on December 2, 1996 at 8:00 P. M. at the Court House Annex. So ordered.....

FAIRFAX TRUCKING - Motion was made by Commr. Wamsley and seconded by Commr. Coberly to enter into an agreement with Fairfax Trucking - cleaning of two ditches in lower Oak Grove Addition to eliminate flooding - cost of less than $5,000 - FEMA Money. So ordered.....

HOLIDAY - Motion made by Commr. Wamsley and seconded by Commr. Coberly to declare Friday November 29 (day after Thanksgiving) a holiday.

Planning Commisison requested a letter from the Commission to slow down speeding and traffic in Beverly.

Public Comment: Lina Taylor discussed.

1.Cost of Holiday Pay
2. low cost housing
3. over and under votes in Election

Mary Ann Pritt discussed:

1. run away daughter - Sheriff
2. Birth Certificate.

SETTLEMENTS: Motion was made by Commr. Wamsley and seconded by Commr. Coberly to approve Settlements of Estates. So ordered....

Next Meeting of the Commisison will be on Monday, November 25, 1996 at 1:30 P. M. Court House Annex.

Motion made by Commr. Wamsley and seconded by Commr. Coberly to adjourn. So ordered.....

Attest: Judith A. Guye
JUDITH A. GUYE, PRESIDENT

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on November 25, 1996, at the Court House Annex at 1:30 P. M.

Present: Judith A. Guye, President and Thomas A. Wamsley and Ira J. Coberly, Commissioners thereof.

Court opened by Sheriff of Randolph County - Willard Herron.

Prayer was led by President Guye

Pledge of Allegiance was led by Commr. Coberly.

Minutes from the previous meeting was read and approved.

CORRECTIONAL OFFICERS - Sheriff Herron announced that two (2) of his Correctional Officers graduated from WV Tech, after completing a six (6) weeks course. Leland (Donnie) Elbon graduated first in this class.

EXECUTIVE SESSION - Motion made by Commr. Coberly and seconded by Commr. Wamsley to go into Executive Session. (personal matter)

Motion made by Commr. Coberly and seconded by Commr. Wamsley to back into regular session. (No action)

TYRICK BANKS - Motion made by Commr. Wamsley and secondedby Commr. Coberly to discharge Gertrude Stanton as Guardian for Tyrick Banks. So ordered.....

CRYSTAL SPRINGS FLOODING - Roseann Marshall, Coordinator for County Commission (Flooding) received figures for buy-outs/and or/ elevations for the Citizens in Crystal Springs. Commission is sending out letters to these citizens - to see if they are going to accept these offers or if they wish to appeal these offers.

12/2/96

COMMISSION MEMBERS

Judith A. Guye, President
J. Coberly
omas A. Wamsley

Randolph County Commission

P.O. Box 2092
Elkins, West Virginia 26241
(304) 636-2057
Fax: (304) 636-5989

Rosezetta Lloyd
County Clerk

P.O. Box 368
(304) 636-0543

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMMISSION, TO WIT:

AT a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on Dec. 2, 1996, the following order was made and entered by the Commission:

All Members being present:

8:00 P. M. - Public Hearing - Huttonsville PSD

Hearing was scheduled at the above time for a public hearing for the enlargement of Huttonsville PSD - after being advertised in the Elkins Inter-Mountain and stating the specifed areas to be affected by this enlargement. No persons appearing to protest the said enlargment - Motion was made by Commissioner Coberly and seconded by Commr. Wamsley to approve the enlargment of the Huttonsville Public Service District. So ordered by President Guye.

Attest: Judith A. Guye, President

Attest: Rosezetta Lloyd County Clerk

12

Order Book
Y-102

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, TO WIT:

AT a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on March 24, 1997, at 1:30 P M.

Present: Judith A. Guye, President and Thomas A Wamsley and Ira J. Coberly, Commissioners thereof.

Court opened by Dianne Marstiller

Minutes from the previous meeting was read and approved.

CHEAT RIVER LODGE - REQUEST FOR HOTEL MOTEL TAX - Commr Coberly moved that the request contained in Mrs. Roxie Marshalls' letter of March 7,1997, for the return of the Hotel Motel Tax to her be denied. Motion was seconded by Commr. Wamsley. So ordered. . .

RANDOLPH COUNTY PLANNING COMMISSION - Motion made by Commr. Coberly and seconded by Commissioner Wamsley to appoint Dan Booth and Brenda Schmidlen to the Planning Commission in lieu and stead of Richard Rockwell and Fred Clark who was previously appointed. Terms to expire the same as Mr. Rockwell and Mr. Clark. So ordered.... .

HUTTONSVILLE PSD - Letter was received from Huttonsville Public Service District requesting the expansion to include Mingo Magisterial District. No action taken at this meeting.

2:00 P. M. - Leadsville Public Service District - Extension- Public Hearing - Sheila Smith Johnson from Region VII Planning and Development conducted a Public Hearing on the Leadsville Public Service District - Extension. Discussion followed - Mrs. Johns told the public and the Commission that Eighty Seven (87) people were need for sign ups for this project, and they only had eighty (80). Laurel Mountain Road residents want to sign up for this serve and there are twenty three (23) customers. Motion was made by Commr. Coberly and seconded by Commr. Wamsley to authorize Region VII to submit the change of scope for Leadsville District Water line Extension (Laurel Mountain Road). So ordered.... .

Motion by Commr Wamsley - seconded by Commr. Coberly to take a recess.

Motion made by Commr Coberly and seconded by Commr. Wasmely to go back into regular session.

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

AT a Regular Session of the County commision held in and for the aforesaid County and State, at the Court House Annex, on Monday, May 12, 1997.

Present: Judith A Guye, President and Ira A Coberly, Commissioner thereof Commissioner Wamsley - absent

Court opened by Dianne Marstiller

Prayer was led by President Guye

Pledge of allegiance was led by Commissioner Coberly.

PUBLIC COMMENT: President Guye announced that Public Comment would be at the beginning of the County Commission meeting

PUBLIC COMMENT:

Clay Tallman discussed the DNR Picture that was in the Elkins-Inter mountain on May 9, 1997. Discussed garbage and garbage dumps.

Clay Tallman - discussed the survey that the Planning Commission is going to put out

Lina Taylor - discussed the Survey for the Planning Commission and funding for the Planning Commission

Discussed funding for Ellamore Fire Department..

Minutes from the previous meeting was read and approved.

JAIL - bids for medical treatment -

Commissoner Coberly moved that the County Commission place an Ad - Class I - in the local newspaper for bids from a Physician, Physician Assistant or Nurse Practicioner, for medical needs at the Randolph County Jail. Seconded by President Guye. So ordered..

(See description next page).

2:00 P. M Public Hearing Huttonsville PSD - Enlargement to include Mingo Magisterial District.

Commr. Coberly moved that the Huttonsville PSD be enlarged to include the entire Mingo Magisterial District. No persons appearing to oppose-said motion was seconded by President Guye,

(See Next page).

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforsaid County and State, at the Court House Annex, on Monday, May 12, 1997.

Present: Judith A. Guye, President and Ira J. Coberly, Commissioner thereof. Commissioner Wamsley - absent.

2:00 P. M. - PUBLIC HEARING - HUTTONSVILLE PUBLIC SERVICE DISTRICT - PETITION TO ENLARGE

Public Hearing was held this day for the enlargement of Huttonsville District Public Service District - No persons having appeared to object to said enlargement;

Commissioner Coberly moved that the Huttonsville Public Service District be enlarged to include the entire Mingo Magisterial District. In addition the responsibilities of the Huttonsville Public Service District will be changed from Waste Water Collection to Waste Water Collection and Potable Water Distribution System.

Copy of the metes and bounds of Mingo Magisterial District are attached hereto and made part of this Order.

Motion was seconded by President Guye and a copy of this order is to be sent to the Public Service Commission within ten [10] days.

Attest: Judith A. Guye
JUDITH A. GUYE, PRESIDENT

Teste: Faye Lloyd
County Clerk

2:30 P.M. - Public Hearing - Buttonsville PSD - Enlargement to include Portion of Georgetown Road.

No persons appearing to object to said enlargement - Commr. moved that the Buttonsville Public Service District be enlarged to to include the following:

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on Monday, May 12, 1997.

Present: Judith A Guye, President and Ira J. Coberly, Commissioner thereof. Commissioner Wamsley - absent.

2:30 P. M. - PUBLIC HEARING - BUTTONSVILLE PUBLIC SERVICE DISTRICT - PETITION TO ENLARGE

Public Hearing was held this day for the enlargement of Buttonsville District Public Service District - No persons having appeared to object to said enlargement;

Commissioner Coberly moved that the Buttonsville Public Service District be enlarged to include the following:

A portion of Georgetown Highway Secondary State Route 21 south of it's intersection with secondary State Highway 37/8 Beginning at the center line of State Secondary Highway 21 at the point where State Secondary Highway 21 crosses Troutwine Run, thence eastward with Troutwine Run enters the Tygart Valley River, thence northward with the Tygart Valley River to a point 1,000 feet south of State Secondary Highway 37/8 to a point 2,000 feet of a perpendicular line to State Secondary Highway 21 and State Secondary Highway 37/8. Thence in a west northwesterly direction to a point in a line 2,000 feet from and parallel to State Secondary Highway 21, thence in a southerly direction on a line 2,000 feet west of and parallel to State Secondary Highway 21 to Troutwine Run in an east southeasterly direction to the beginning of State Secondary Highway 21

In addition the responsibilities of the Buttonsville Public Service District will be changed from Waste Water Collection to Waste Water Collection and Potable Water Distribution System.

Said motion was seconded by President Guye and ORDERED that a copy of this order be sent to the Public Service Commission within ten (10) days.

Attest: Judith A. Guye
JUDITH A. GUYE, PRESIDENT

TESTE: Kenneth Lloyd
County Clerk

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
9-10-97

Entered: August 21, 1997

CASE NO. 97-0076-PSD-PC

RANDOLPH COUNTY COMMISSION
Petition to for consent and approval
to enlarge the boundaries of Huttonsville
Public Service District.

CASE NO. 97-0636-PSD-PC

RANDOLPH COUNTY COMMISSION
Petition to for consent and approval
to enlarge the boundaries of Huttonsville
Public Service District.

RECOMMENDED DECISION

PROCEDURE

Case No. 97-0076-PSD-PC

On January 24, 1997, the Randolph County Commission (Petitioner) filed a petition with the Public Service Commission, pursuant to *West Virginia Code (Code)* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District (District), a public utility, Randolph County, to include an area known as Georgetown Highway. The Commission designated this petition as Case No. 97-0076-PSD-PC.

On February 10, 1997, Staff Attorney James V. Kelsh, Esquire, filed the Initial Joint Staff Memorandum, dated February 6, 1997, attaching thereto the Staff Initial Internal Memorandum, dated January 30, 1997, from Utilities Analyst II James W. Boggess, Jr., Water and Wastewater Division, indicating that, once Commission Staff had investigated this matter, it would issue a recommendation. Commission Staff's preliminary findings indicated that the Petitioner has failed to properly follow the mandatory procedures set forth in *Code* §16-13A-2, and Commission Staff recommended that the Petitioner correct these procedural due process deficiencies by strictly following all of the applicable *Code* provisions, as set out in detail in Commission Staff's preliminary recommendation.

On February 14, 1997, the Commission entered the Commission Referral Order in this proceeding, referring this matter to the Division of Administrative Law Judges for decision on or before August 21, 1997. In response thereto, on March 7, 1997, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a May 19, 1997 hearing date.

On May 15, 1997, the Petitioner requested that the ALJ reschedule the May 19, 1997 hearing because the Petitioner had not published the hearing notice. Pursuant thereto, on May 15, 1997, the ALJ rescheduled the hearing to be held on Friday, July 11, 1997.

Case No. 97-0636-PSD-PC

On May 19, 1997, the Petitioner filed a petition with the Public Service Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the District to include all of the Mingo Magisterial District within the District's service territory. The Commission designated this petition as Case No. 97-0636-PSD-PC.

Consolidated Case

On June 26, 1997, the Commission consolidated Case Nos. 97-0076-PSD-PC and 97-0636-PSD-PC, and referred these consolidated cases to the ALJ Division for decision no later than August 21, 1997. The Commission's Order also directed the Petitioner to publish a Notice of Hearing regarding the petition in Case No. 97-0636-PSD-PC and referencing the hearing scheduled for July 11, 1997.

On July 11, 1997, the ALJ convened the hearing in this consolidated matter as scheduled. The Petitioner appeared by its President, Judith A. Guye, and one of its Members, Ira Coberly. The District appeared by its Chairman, Lynn Channell, and its Clerk, Bonnie Serrett. Commission Staff appeared by counsel, James V. Kelsh, Esquire.

The Petitioner presented the testimony of one witness and presented six exhibits. The District presented no witnesses or exhibits, but its Clerk was called to testify by Commission Staff. Commission Staff presented the testimony of two witnesses and presented one exhibit.

After the hearing, the parties availed themselves of their rights under *Code* §24-1-9(b) to file proposed findings of fact, conclusions of law, briefs and replies. The ALJ considered all of the evidence and arguments prior to rendering this Recommended Decision.

EVIDENCE

The first witness to testify was Ira Coberly, who testified on behalf of the Petitioner. He stated that the Petitioner proposes to expand the District's service territory to include two new areas, i.e., the Georgetown Highway area and the Mingo Magisterial District. The Petitioner first proposed adding the Georgetown Highway area on January 24, 1997. On or about May 19, 1997, the Petitioner decided also to add the Mingo Magisterial District to the District's service area. He sponsored Petitioner Exhibit No. 1, a Randolph County Commission Order entered May 12, 1997, finally approving the proposal to enlarge the District by adding the entire Mingo Magisterial District to the District's service territory. (Tr., pp. 6-9; Petitioner Exhibit No. 1). Petitioner Exhibit No. 2 is a copy of the minutes of a March 24, 1997 Randolph County

Commission meeting which contains a request from the District to expand the District's boundaries to include the Mingo Magisterial District. (Tr., pp. 9-10; Petitioner Exhibit No. 2). Petitioner Exhibit No. 3 is a receipt for payment of a bill[1] indicating that, on April 24, 1997, the Petitioner had published a notice in *The Inter-Mountain*, a newspaper published and generally circulated in Randolph County, West Virginia, indicating that the Petitioner would, on May 12, 1997, consider a petition to enlarge the District by including both the Georgetown Highway area and the Mingo Magisterial District in the District's service territory. (Tr., p. 10; Petitioner Exhibit No. 3). Petitioner Exhibit No. 4 is a receipt for payment of a bill[2] indicating that the Petitioner had published the Notice of Hearing on June 30 and July 7, 1997, as directed, in *The Inter-Mountain*. (Tr., pp. 10-11; Petitioner Exhibit No. 4).

Mr. Coberly opined that the Petitioner had given the public proper and adequate notice of both the May 12, 1997 Randolph County Commission meeting, where the Petitioner approved Orders to enlarge the District, and of the July 11, 1997 hearing. (Tr., pp. 11-12). Petitioner Exhibit No. 5 is a copy of the Randolph County Commission May 12, 1997 Order expanding the District's service territory to include the Georgetown Highway area, for the District to provide water and sewer service in this area. (Tr., pp. 12-13; Petitioner Exhibit No. 5). Mr. Coberly explained that Case No. 97-0076-PSD-PC relates to the Georgetown Road expansion, and that Case No. 97-0636-PSD-PC relates to the Mingo Magisterial District expansion. (Tr., pp. 13-16).

After hearing Commission Staff's recommendation to grant the two petitions, except to limit the expansion in the Mingo Magisterial District to water service only, Mr. Coberly indicated that the Petitioner accepted Commission Staff's final recommendation. (Tr., p. 31).

The next witness to testify was Bonnie Serrett, the District's Clerk for the past 16 years, who testified on behalf of Commission Staff. Ms. Serrett testified that the District does not provide both water and sewer services to all of its customers, i.e., in some areas it provides both services, in some areas it provides water service only and in other areas it provides sewer service only. The District serves approximately 800 sewer customers with two treatment plants, one located at Mill Creek and the other at Valley Bend. The Mill Creek plant has sufficient treatment capacity to receive additional customers, but the Valley Bend plant does not. However, the District has hired an engineer to design a new sewer treatment plant for the Valley Bend area. (Tr., pp. 16-21).

Ms. Serrett testified that the people living in the Georgetown Highway area do want water service. Currently, the District provides water service to approximately 575 customers, and it would gain about 25 new customers if the Commission enlarges the boundaries to include the Georgetown Road area. The District purchases its water from the Town of

[1]After the hearing ended, the Petitioner supplemented Petitioner Exhibit No. 3 with an actual publication affidavit.

[2]After the hearing ended, the Petitioner supplemented Petitioner Exhibit No. 4 with an actual publication affidavit.

Beverly (Beverly). Currently it purchases about 3,000,000 gallons per month to serve its existing customers, and Beverly has indicated that it can furnish up to 4,000,000 gallons per month to the District. (Tr., pp. 21-24). Currently, three other water systems provide water service within the District's existing boundaries, i.e., the Town of Mill Creek, the Town of Huttonsville and the Huttonsville Correctional Center. The District does not intend to replace any existing water utilities. (Tr., pp. 24-25).

Ms. Serrett testified that the District has no current or foreseeable plans to provide sewer service in the Mingo Magisterial District area. This area is sparsely populated and would not support a public sewer service. She opined that the District would be able to provide water service to the Mingo Magisterial District area. She clarified that the District will have to construct a project in order to provide this water service. The source of the water would be a new dam to be constructed on the Elk River. The purpose of the dam is to provide the City of Elkins (Elkins) with water in case of a drought, but the District also would use it to provide water to the area in between Elkins and the dam. (Tr., pp. 25-27).

The final witness to testify was Utilities Analyst James W. Boggess, Jr., Water and Wastewater Division. Mr. Boggess sponsored Staff Exhibit No. 1, a Final Internal Memorandum, dated June 30, 1997, which he prepared for this consolidated proceeding. He recommended that the Commission grant the two petitions, except that the District should not be authorized to provide sewer service in the Mingo Magisterial District area. (Tr., pp. 27-30; Staff Exhibit No. 1).

DISCUSSION

Commission Staff has argued that the District has substantially complied with all of the notice requirements of *Code* §16-13A-2 and Rule 6.0 of the Commission's *Rules and Regulations for the Government of Public Service Districts* (*PSD Rules*). As Commission Staff pointed out in its brief, these laws and rules contain many technical requirements for providing sufficient public notice when a county commission attempts to enlarge a public service district. However, the West Virginia State Supreme Court of Appeals has held[3] that a county commission's actions to execute all of these technical notice requirements should be reviewed for "substantial compliance". The ALJ holds that the Petitioner has substantially complied with all of the notice requirements necessary for the Commission to approve the May 12, 1997 Orders in these consolidated matters. For this reason, and since no one appeared at the hearing to oppose the petition; since Commission Staff recommended approving the Petitioner's orders, except that the District would not be authorized to provide sewer service in Mingo Magisterial District, and since the Petitioner accepted Commission Staff's final recommendation, the ALJ will approve the May 12, 1997 orders, as recommended by Commission Staff.

[3]See, *Canyon Public Service District v. Tasa Coal Company*, 156 W.Va. 606, 195 S.E.2d 647 (1973).

FINDINGS OF FACT

1. The Randolph County Commission filed a petition with the Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District to include an area known as Georgetown Highway. (See, Petition, filed January 24, 1997, in Case No. 97-0076-PSD-PC).

2. The Randolph County Commission filed a petition with the Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District to include all of the Mingo Magisterial District within its service territory. (See, Petition filed May 19, 1997, in Case No. 97-0636-PSD-PC).

3. The Petitioner published a notice indicating that it intended to act on May 12, 1997, on a petition to enlarge the District by including all of the Mingo Magisterial District and the Georgetown Highway area within the District's service territory boundaries. The District also published the Notice of Hearing complying with the ALJ's May 15, 1997 Procedural Order. (See, Petitioner Exhibits Nos. 3 and 4, and the supplemental publication affidavits).

4. The Petitioner approved the proposal to enlarge the District by including all of the Mingo Magisterial District and the Georgetown Highway area within the District's service territory boundaries. (See, Petitioner Exhibits Nos. 1 and 5).

5. Commission Staff has recommended that the Commission approve the two petitions in these consolidated matters, except that the District should be authorized to provide water service only, and not sewer service, in the Mingo Magisterial District. (See, Testimony of James W. Boggess, Jr., Tr., pp. 27-30; Staff Exhibit No. 1).

6. The Petitioner has agreed to accept Commission Staff's final recommendation. (See, Testimony of Ira Coberly, Tr., p. 31).

CONCLUSIONS OF LAW

1. A county commission's actions to execute all of the technical notice requirements of *Code* §16-13A-2 and Rule 6.0 of the Commission's *PSD Rules* should be reviewed for "substantial compliance". (See, *Canyon Public Service District v. Tasa Coal Company*, 156 W.Va. 606, 195 S.E.2d 647 (1973)).

2. For all of the reasons set forth in Conclusion of Law No. 1 and Finding of Fact No. 3, it is reasonable to conclude that the Petitioner substantially complied with the notice requirements of *Code* §16-13A-2 and Rule 6.0 of the Commission's *PSD Rules*.

3. For all of the reasons set forth in Conclusion of Law Nos. 1 and 2 and Finding of Fact Nos. 4, 5 and 6, it is reasonable to approve the Petitioner's orders in these consolidated matters.

ORDER

IT IS, THEREFORE, ORDERED that the Randolph County Commission Orders entered May 12, 1997, and filed with the Commission on May 19, 1997, in Case Nos. 97-0076-PSD-PC and 97-0636-PSD-PC, respectively, by the Randolph County Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District to include an area known as Georgetown Highway and another area known as the Mingo Magisterial District, respectively, be, and they hereby are, modified to include water service only in the Mingo Magisterial District area, and, as modified, they hereby are approved.

The Executive Secretary hereby is 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 hereby is 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 Executive 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.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s

8/13/02

IN THE COUNTY COMMISSION OF RANDOLPH COUNTY, WEST VIRGINIA

IN RE: REQUEST OF HUTTONSVILLE PUBLIC SERVICE DISTRICT FOR THE ENLARGEMENT OF ITS BOUNDARIES AND REDUCTION OF THE BOUNDARIES OF MIDLAND PUBLIC SERVICE DISTRICT AND LEADSVILLE PUBLIC SERVICE DISTRICT

ORDER

This 13th day of August, 2002, came Huttonsville Public Service District by its attorney, Thomas R. Ross II, and by its engineer, Homor Brothers Engineers, and requested that the County Commission, upon its own motion by order duly adopted pursuant to the provisions of WV Code §16-13A-2, propose the enlargement of the boundaries of Huttonsville Public Service District and the reduction of the boundaries of Midland Public Service District and Leadsville Public Service District. Counsel for Huttonsville Public Service District advised that Huttonsville Public Service District has funding for a water project to extend water service in certain areas near Mill Creek and Huttonsville; that it will purchase water in bulk from the City of Elkins; that it will be able to serve a number of residents of the Georgetown Road area who do not now have public water service; and that such area lies or may lie within the boundaries of Midland Public Service District and Leadsville Public Service District neither of which is able to provide water service to the residents of said Georgetown Road area; and that both Leadsville Public Service District and Midland Public Service District have in the past indicated their support for Huttonsville Public Service District to furnish water service to the residents of the Georgetown Road area, and their willingness to reduce their respective boundaries in order to accommodate such project.

Thereupon counsel for Huttonsville Public Service District presented to the County Commission a description of the territory to be embraced within the enlargement of the boundaries of Huttonsville Public Service District, and descriptions of the territory by which the respective boundaries of Midland Public Service District and Leadsville Public Service District are to be reduced.

The County Commission being fully advised and good cause appearing therefor, upon motion of Commissioner Schneider, seconded by Commissioner Warnick it is hereby

ORDERED, pursuant to the provisions of WV Code §16-13A-2 that:

1. The County Commission proposes the enlargement of the boundaries of Huttonsville Public Service District and the reduction of the boundaries of Leadsville Public Service District and Midland Public Service District as set forth in the descriptions presented to the County Commission by Huttonsville Public Service District.

2. A hearing be held before the County Commission on the 10 day of September, 2002, at 4:00 p.m. to consider and determine the feasibility of such proposal, and to afford all persons residing in or owning or having any interest in property located within any of said public service districts an opportunity to be heard for and against such proposal.

3. The County Clerk shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included within the boundaries of Huttonsville Public Service District and all the territory proposed to be reduced from Leadsville Public Service District and Midland Public Service District, respectively, to be given by publication as a Class I legal advertisement in The Inter-Mountain at least ten (10) days prior to

the hearing. Huttonsville Public Service District shall pay or reimburse the County Commission for the costs of such publication.

4. The Huttonsville Public Service District shall cause to be posted in at least five conspicuous places in the territory proposed to be included in Huttonsville Public Service District, and in the territory proposed to be reduced from Leadsville Public Service District, and in the territory proposed to be reduced from Midland Public Service District, a notice containing the same information as is contained in the published notice, and such notices shall be posted not less than ten days before the hearing.

ENTER: This 13th day of August, 2002.

President

Attest:

County Clerk

9/10/02

IN THE COUNTY COMMISSION OF RANDOLPH COUNTY, WEST VIRGINIA

IN RE: REQUEST OF HUTTONSVILLE PUBLIC SERVICE DISTRICT FOR THE ENLARGEMENT OF ITS BOUNDARIES AND REDUCTION OF THE BOUNDARIES OF MIDLAND PUBLIC SERVICE DISTRICT AND LEADSVILLE PUBLIC SERVICE DISTRICT

ORDER

On September 10, 2002, at 4:00 p.m., the County Commission held a public hearing regarding the enlargement of the boundaries of the Huttonsville Public Service District and the reduction of the boundaries of the Leadsville Public Service District and of the Midland Public Service District, respectively, pursuant to the order proposing the same entered by the County Commission on August 13, 2002.

Pursuant to said order and to the provisions of WV Code §16-13A-2, notice of said hearing was published in *The Inter-Mountain* as a Class I legal advertisement on August 30, 2002, more than ten (10) days prior to such hearing. An affidavit of publication from *the Inter-Mountain* was presented and ordered filed with the County Clerk. And further a notice of hearing containing the same information as contained in the published notice was posted in five (5) conspicuous places in the area of Huttonsville Public Service District proposed to be enlarged, and in the respective areas of Leadsville Public Service District, and Midland Public Service District proposed to be reduced, on August 29, 2002, more than ten (10) days prior to said hearing as evidenced by the sworn affidavit of Morgan Haymond which was presented to the County Commission and ordered filed with the County Clerk.

Thereupon Thomas R. Ross II, attorney for Huttonsville Public Service District, presented to the Commission letters from Midland Public Service District and Leadsville Public

Service District each of which advised the Commission that such Public Service District had no objections to the reduction of the boundaries of such Public Service District.

The President of the County Commission then asked if there were those present who wished to be heard with respect to the proposal. No person spoke in opposition or offered any objections to the proposal

Upon motion of Commissioner Wamsley, seconded by Commissioner Schmidlen. and unanimously carried. it was

RESOLVED that the County Commission does determine that the enlargement of the boundaries of the Huttonsville Public Service District as proposed and the reduction of the boundaries of the Leadsville Public Service District and of Midland Public Service District as proposed will be conducive to the preservation of public health. comfort and convenience of the area in question and will result in the access to public water service to many residents of Randolph County who presently do not have such service.

Accordingly, it is ORDERED that:

(1) The boundaries of the Huttonsville Public Service District be enlarged to include the following described area:

> Beginning at a point on the Tygart Valley River at the mouth of Troutline Run;
>
> Thence up the right fork of said run and with the Valley Bend District and the Beverly District line crossing the headwaters of Beaver Creek to the top of Rich Mountain approximately 18,000 linear feet to a point near the fire tower. Said point is also a corner with the Roaring Creek and Middle Fork Districts;
>
> Thence along the top of Rich Mountain with the Roaring Creek and Beverly District line in a northerly direction approximately 29,000 linear feet to

the head of Mathias Run which is a corner of the Leadsville and Beverly District on the top of Rich Mountain and in the Roaring Creek District line:

Thence along the top of Rich Mountain in a northerly direction with the Leadsville and Roaring Creek line approximately 13,500 linear feet to the center of the Tygart Valley River;

Thence with or near the center of the Tygart Valley River as it meanders in an easterly direction approximately 19,200 feet to a point in the northern end of the Elkins Flood Control Spillway;

Thence with the Elkins Flood Control Spillway in a southerly direction approximately 1,900 feet to a point in center of the Tygart Valley River;

Thence with or near the center of the Tygart Valley River as it meanders in a southerly direction approximately 68,800 linear feet to the point of beginning.

(2) The boundaries of Midland Public Service District be reduced by deleting the following described area:

Beginning at a point in the existing Midland Public Service District boundary that is 200 feet south and east of the intersection of WV Secondary Route 21/1 and the Georgetown Road (WV Secondary Route 21) and is in the centerline of the Tygart Valley River;

Thence following a common boundary line between the Midland PSD and the Leadsville PSD in a northwesterly direction with a line parallel to and 200 feet south of WV Secondary Route 21/1, crossing the Georgetown Road, approximately 2,300 linear feet to a point 200 feet south of WV Secondary Route 21/1 and 2000 feet west of the Georgetown Road;

Thence leaving the Leadsville PSD line and following the existing Midland PSD boundary line in a southerly direction parallel to and 2,000 feet west of the Georgetown Road approximately 25,000 linear feet to the center of the old Rich Mountain Road at its crossing of Beaver Creek;

Thence continuing with the existing Midland PSD boundary line down Beaver Creek with its meanders in an easterly direction approximately 7,000 linear feet to the center of the Tygart Valley River opposite the Elk's Country Club;

Thence continuing with the existing Midland PSD boundary line along the center of the Tygart Valley River in a northerly direction approximately 4,000 linear feet to a point west of the theoretical intersection of the Arnold Hill Road with the Tygart Valley River;

Thence leaving the existing Midland PSD boundary line and continuing with the meanders of the Tygart Valley River in a northerly direction approximately 30,300 linear feet to the point of beginning.

and

(3) The boundaries of Leadsville Public Service District be reduced by deleting the following described area.

Beginning at a point on the top of Rich Mountain, about 200 linear feet westerly of the place where state secondary Route 21/1 crosses the height of land;

Thence with an existing boundary line of the Leadsville PSD in a southeasterly direction along an imaginary line parallel and 200 linear feet southwest of the center of State Secondary Route 21/1 as it meanders to the intersection with State Secondary Route 21;

Thence southeasterly to a point in the center of the Tygart Valley River approximately 300 linear feet;

Thence with or near the center of the Tygart Valley River as it meanders in a southeasterly direction approximately 8,800 linear feet to the southern end of the Elkins Flood Control Spillway;

Thence leaving the existing boundary line of the Leadsville PSD and running in a northerly direction with the Elkins Flood Control Spillway to the Tygart Valley River approximately 1,900 linear feet;

Thence with or near the center of the Tygart Valley River as it meanders downstream in a westerly direction approximately 19,200 feet to a point near Aggregates where it intersects with the Roaring Creek District line;

Thence in a southerly direction along the Roaring Creek District line approximately 4,400 linear feet to the point of beginning on Rich Mountain.

ENTER: This 10th day of September, 2002.

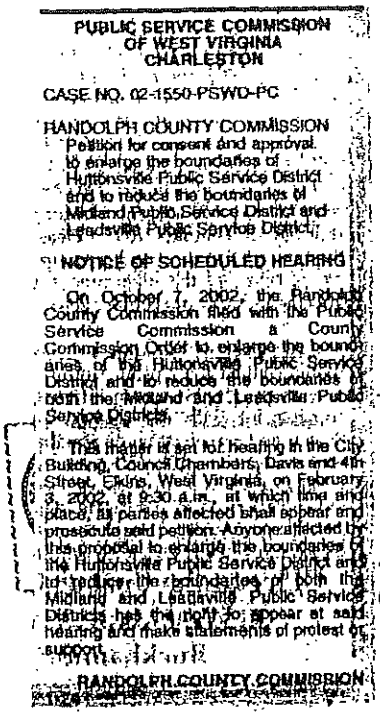
President

Attest:

County Clerk

This Order Prepared By:
Thomas R. Ross II
Attorney at Law
P.O. Box 2448
Elkins, WV 26241

State of West Virginia, County of Randolph, ss.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 02-1550-PSWD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval to enlarge the boundaries of Huttonsville Public Service District and to reduce the boundaries of Midland Public Service District and Leadsville Public Service District

NOTICE OF SCHEDULED HEARING

On October 7, 2002, the Randolph County Commission filed with the Public Service Commission a County Commission Order to enlarge the boundaries of the Huttonsville Public Service District and to reduce the boundaries of both the Midland and Leadsville Public Service Districts.

This matter is set for hearing in the City Building, Council Chambers, Davis and 4th Street, Elkins, West Virginia, on February 3, 2002, at 9:30 a.m., at which time and place, all parties affected shall appear and prosecute said petition. Anyone affected by this proposal to enlarge the boundaries of the Huttonsville Public Service District and to reduce the boundaries of both the Midland and Leadsville Public Service Districts has the right to appear at said hearing and make statements of protest or support.

RANDOLPH COUNTY COMMISSION

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

Jan. 24 _____ _____ _____

20 03 as required by law.

Given under my hand this 24 day of January 20, 03

James Hoffman
Publisher

Printer's Fee: $ 30.80

Subscribed and sworn before me this 24 day of January, 20, 03.

Shirley A. Moreau
Notary Public

My Commission Expires the 15th day of April, 20 12.

021550alj021903.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: February 19, 2003

03-11-03

CASE NO. 02-1550-PSWD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval to enlarge the boundaries of Huttonsville Public Service District and to reduce the boundaries of Midland Public Service District and Leadsville Public Service District, pursuant to §16-13A-2 of the West Virginia Code.

RECOMMENDED DECISION

PROCEDURE

On October 7, 2002, Randolph County Commission filed with the Public Service Commission a County Commission Order enlarging the boundaries of the Huttonsville Public Service District and reducing the boundaries of both the Midland and the Leadsville Public Service Districts.

On October 31, 2002, Cecelia Jarrell, Staff Attorney, filed an Initial Joint Staff Memorandum. According to Staff, it still needs certain maps showing the proposed boundary expansion and the two proposed boundary reductions. Staff stated that its recommendation will be made once these documents are received.

By Commission Order entered on November 14, 2002, the Commission referred this matter to the Division of Administrative Law Judges for a recommended decision to be rendered on or before May 5, 2003.

By Procedural Order entered on January 9, 2003, a hearing was scheduled to be held in this case on February 3, 2003, at 9:30 a.m., in the City Building, Council Chambers, Davis and 4th Street, Elkins, Randolph County, West Virginia. It was further ordered that, if it had not yet already done so, the Randolph County Commission file with the Public Service Commission all information requested by Commission Staff on or before January 17, 2003. It was further ordered that the Randolph County Commission give notice of the hearing on its proposal to enlarge the boundaries of Huttonsville Public Service District and to reduce the boundaries of the Midland Public Service District and Leadsville Public Service District by publishing a copy of a specified Notice of Hearing, one time, in a newspaper, duly qualified by the Secretary of State,

published and generally circulated in Randolph County. The Randolph County Commission was ordered to return proper certification of publication, within ten (10) days of said publication, but no later than February 3, 2002. The publication was to occur no later than January 27, 2003. Finally, Commission Staff was ordered to file its substantive recommendation on or before January 27, 2003.

On January 27, 2003, Staff Attorney Jarrell filed an "Initial" Joint Staff Memorandum attached to which was the Final Internal Memorandum prepared by Utilities Analyst Supervisor William A. Nelson. Commission Staff has determined that the County Commission has satisfied all of the requirements of West Virginia Code §16-13A-2. Technical Staff recommended approval of the County Commission's Order.

The hearing was held as scheduled. Mr. Thomas R. Rose, II, Esquire, appeared on behalf of the Huttonsville Public Service District, and Ms. Cecelia Jarrell, Esquire, appeared on behalf of the Public Service Commission Staff. At the hearing, Mr. Ross presented the certificate of publication from The Inter-Mountain, verifying compliance with the publication requirements.

Ms. Jarrell recommended that, since there were no protestants at the hearing, this case should be submitted and decided based on the information in the case file.

FINDINGS OF FACT

1. On October 7, 2002, the Randolph County Commission filed with the Public Service Commission a County Commission Order enlarging the boundaries of the Huttonsville Public Service District and reducing the boundaries of both the Midland and the Leadsville Public Service Districts. (See, Commission Order).

2. A hearing in this case was held on Monday, February 3, 2003, at 9:30 a.m., in the City Building, Council Chambers, Davis and Fourth Street, Elkins, Randolph County, West Virginia. No protestants were present and the case was submitted on the record. (See, Tr., pp. 7-8).

3. Commission Staff recommended approval of the County Commission Order. (See, Final Internal Memorandum filed January 27, 2003; Tr., p. 7).

CONCLUSION OF LAW

Since no protestants appeared at the hearing and since Commission Staff recommended approval thereof, the Order of the Randolph County Commission dated September 10, 2002, should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the Randolph County Commission Order dated September 10, 2002, enlarging the boundaries of the Huttonsville Public Service District, and reducing the boundaries of both the Midland and the Leadsville Public Service Districts, be, and hereby is, approved, as filed.

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.

Miles C. Cary
Administrative Law Judge

MCC:jas
021550aa.wpd

Randolph County Commission

Commissioners

Chris See | Julia L. P. Elbon | Michael M. Taylor

November 19, 2009

Huttonsville Public Service District
Attn: Lynn Channell, Chairman
P.O. Box 277
Mill Creek, WV 26280

Dear Mr. Channell:

At our November 19, 2009 Randolph County Commission Meeting we appointed Mr. Steve L. Wamsley to serve on the Huttonsville Public Service District Board.

If you need any further assistance from our office please contact us at 304-637-2057.

Sincerely,

Michael M. Taylor, President
Randolph County Commission

4 Randolph Avenue - Suite 102 - Elkins, West Virginia 26241 - Phone/Fax (304) 636-2057
randolphcountycommissionwv.org

Randolph County Commission

RECEIVED
HUTTONSVILLE
PSD
JAN - 7 2011
BUSINESS
OFFICE
MANAGER

Commissioners

Michael M. Taylor | Chris See | Joyce A. Johns

January 4, 2011

Huttonsville Public Service District
P.O. Box 277
Mill Creek, WV 26280

Dear Sir:

The Randolph County Commission met at its regular scheduled Commission Meeting on January 04, 2011 and appointed Mr. Stewart Allen to serve on the Huttonsville Public Service District Board, replacing the unexpired term of Mr. Loy McAtee. Mr. Allen's term will begin January 4, 2011 and end June 30, 2016.

Sincerely,

Michael M. Taylor, President
Randolph County Commission

4 Randolph Avenue - Suite 102 - Elkins, West Virginia 26241 - Phone(304) 636-2057 - Fax (304) 630-1125
randolphcountycommissionwv.org

Randolph County Commission

Commissioners

Michael M. Taylor | Chris See | Joyce A. Johns

February 15, 2011

Huttonsville PSD
P.O. Box 277
Mill Creek, WV 26280

Dear Sir:

The Randolph County Commission is appointing Mr. Gary Morgan to the Huttonsville PSD Board. His appointment will replace the unexpired term of Maxine Pingley. This term will begin February 15, 2011 and expire June 30, 2014. If you need anything further regarding this appointment please contact the Commission Office at 304-636-2057.

Sincerely,

Michael M. Taylor, President
Randolph County Commission

4 Randolph Avenue - Suite 102 - Elkins, West Virginia 26241 - Phone(304) 636-2057 - Fax (304) 630-1125
randolphcountycommissionwv.org

OATH OF OFFICE

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

I, Mervyn Stewart Allen, do solemnly swear that I will support the Constitution of the United States and Constitution of the State of West Virginia and that I will faithfully discharge the duties as Board Member - Huttonsville PSD For Randolph County, West Virginia to the best of my skill and judgment.

Subscribed and sworn to before me, in said County and State, this the 10th day of January, 2011.

Brenda Wiseman
Randolph County Clerk

OATH OF OFFICE

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

I, Gary Morgan, do solemnly swear that I will support the Constitution of the United States and Constitution of the State of West Virginia and that I will faithfully discharge the duties as Board Member for Huttonsville PSD for Randolph County, West Virginia to the best of my skill and judgment.

Gary Morgan

Subscribed and sworn to before me, in said County and State, this the 15th day of February, 2011.

Brenda Wiseman
Randolph County Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of the Huttonsville PSD, to the best of my skill and judgment. SO HELP ME GOD...

(Signature of Affiant) Steve Wamsley

Subscribed and sworn to before me, in said County and State, this the 30th day of November, 2009

Karla L. Mahanes
NOTARY PUBLIC

My Commission expires August 14, 2017

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KARLA L. MAHANES
RANDOLPH COUNTY CLERK'S OFFICE
2 RANDOLPH AVENUE
ELKINS, WEST VIRGINIA 26241
My commission expires August 14, 2017

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RULES OF PROCEDURE

HUTTONSVILLE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. The name of this Public Service District shall be HUTTONSVILLE PUBLIC SERVICE DISTRICT (the "District").

Section 2. The principal office of the District will be located in Mill Creek, West Virginia.

Section 3. The official seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Huttonsville Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin on the 1st day of July in each year and shall end on June 30 of the following year.

ARTICLE II

PURPOSE

Section 1. The District is organized and operated exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of the District (the "Board") shall be those persons appointed by The County Commission of Randolph County, West Virginia (the "County Commission"), or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Board resign or otherwise become legally disqualified to serve as a member of the Board, the District shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Board, the District shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Board.

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

Section 4. Each board member shall, within 6 months of taking office, successfully complete the training program established and administered by the Public Service Commission of West Virginia in conjunction with the West Virginia Department of Environmental Protection and the West Virginia Bureau for Public Health.

Section 5. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the District, nor shall a former board member be hired by the District in any capacity within a minimum of 12 months after such board member's term has expired or after such board member has resigned from the Board.

Section 6. Salaries of the board members shall be established as provided in Chapter 16, Article 13A, Section 4 of the Act. The District shall certify the number of customers served to the Public Service Commission of West Virginia on the first day of July each year. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties.

Section 7. The members of the Board are not personally liable or responsible for any obligations of the District or the Board but are answerable only for willful misconduct in the performance of their duties.

ARTICLE IV

MEETINGS OF THE BOARD

Section 1. The members of the Board shall hold regular monthly meetings on such days of each month and at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairperson or by a quorum of the Board.

Section 2. At any meeting of the Board, a majority of the members of the Board shall constitute a quorum. Each member of the Board shall have one vote at any meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 72 hours before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted at such meeting, and no business other than that stated in the notice shall be transacted at such special meeting.

Section 4. Pursuant to Chapter 6, Article 9A, Section 3 of the Code of West Virginia, 1931, as amended, notice of the date, time, place and agenda of all regularly scheduled meetings of the Board, and the date, time, place and purpose of all special meetings of the Board, shall be made available, in advance, to the public and news media as follows:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the Randolph County Courthouse, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 72 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
Elkins Inter-Mountain	P.O. Box 1339 Elkins, WV 26241

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of these Rules of Procedure, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately be given to the public and news media by posting at the places and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting is to be held. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the Randolph County Courthouse, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 72 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be

used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 3. Emergency Meetings. The Board may hold a meeting without providing the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Board member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 5. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 4 above.

ARTICLE V

OFFICERS

Section 1. The officers of the Board shall be a Chairperson, Secretary and Treasurer. The Chairperson shall be elected from the members of the Board. The Secretary and Treasurer need not be members of the Board.

Section 2. The officers of the Board shall be elected each year by the members at the first meeting after the first day of January of each year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the next annual organizational meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairperson shall preside as Chairperson at all meetings of the Board. He/She shall, together with the Secretary, sign the minutes of all meetings at which he/she shall preside. He/She shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him/her by the Board, by these Rules of Procedure, or prescribed by law. He/She shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements, or other documents necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairperson is absent from any meeting, the remaining members of the Board shall select a temporary chairperson.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. Duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. He/She shall, together with the Chairperson, sign the minutes of the meetings at which he/she is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her 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/her and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public

inspection. At the end of his/her term of office, the Treasurer shall promptly deliver all financial records of the District to his successor in office. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

Section 5. No money may be paid out by the District except upon an order signed by the Chairperson and Secretary, or such other person or persons authorized by the Chairperson or the Secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the Board.

Section 6. The members and officers of the Board shall make available to the County Commission, at all times, all of its books and records pertaining to the District's operation, finances and affairs, for inspection and audit.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

Section 1. These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board when a quorum is present and a majority of those present vote for the alteration, change, amendment or addition; but no such alteration, change, amendment or addition shall be made at any special meeting unless notice of the intention to propose such alteration, change, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such special meeting.

Adopted this 29th day of May, 2002.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Huttonsville Public Service District on May 29, 2002.

Dated this 30th day of May, 2002.

[SEAL]

Secretary

05/13/02
000630/00303

10-0414-PSD-CN

Phase II-B

State of West Virginia, County of Randolph, ss.

I, Donald W. Smith, General Manager of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

April 3 _____ _____ _____

20 10 as required by law.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LISA A. JONES
RR 3, BOX 62
PARSONS, WV 26287
My commission expires March 15, 2017

Given under my hand this 3rd day of April 20, 10

Donald W. Smith
General Manager

Printer's Fee: $ 290.29

Subscribed and sworn to before me this 3rd day of April, 20, 10.

Lisa A. Jones
Notary Public

My Commission Expires the 15th day of March, 20 17.

Phase II - B

LEGAL ADVERTISEMENT

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston, on the 25th day of March 2010.

CASE NO. 10-0414-PSD-CN

HUTTONSVILLE PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing sewerage system and for approval of the financing thereof.

NOTICE OF FILING

On March 25, 2010, Huttonsville Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity to construct certain additions, improvements and extensions to its existing sewerage system, which is located in Randolph County, West Virginia. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

The District estimates that construction is not expected to exceed $2,400,000.00. It is proposed that construction will be financed by a United States Department of Agriculture grant in the amount of $1,000,000.00, a West Virginia Infrastructure and Jobs Development Council (WVIJDC) grant in the amount of $1,200,000.00 and a WVIJDC loan in the amount of $200,000.00.

The District proposes to construct the following additions, betterments and improvements to its existing sewerage facilities: (i) removal and replacement of approximately 1,600 linear feet of 8" gravity sewer pipe, 5,300 linear feet of 6" gravity sewer pipe and 40 EA sanitary manholes in the Valley Bend area, (ii) removal and replacement of approximately 1,200 linear feet of 10" gravity sewer pipe, 1,200 linear feet of 8" gravity sewer pipe, 1,200 linear feet of 6" gravity sewer pipe, 25 EA sanitary manholes and one (1) duplex grinder pump station in the Valley Bend area, (iii) removal and replacement of approximately 1,650 linear feet of 8" gravity sewer pipe, 1,900 linear feet of 6" gravity sewer pipe and 18 EA sanitary manholes, (iv) removal and replacement of existing pumps at the Dailey lift station (Coastal), (v) removal and replacement of existing pumps at the Valley Bend lift station (Warnsley), (vi) abandonment and removal of the existing Imhoff tank in the Dailey and Valley areas, and (vii) necessary appurtenances relating thereto (Project).

The District anticipates charging the following rates to its customers:

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial and industrial sewer service.

RATES (customers with metered sewer service)

First	3,000	gallons used per month	$11.88 per 1,000 gallons
Next	3,000	gallons used per month	$10.48 per 1,000 gallons
Next	4,000	gallons used per month	$ 8.97 per 1,000 gallons
All Over	10,000	gallons used per month	$ 7.54 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than $35.64 per month.

FLAT RATE CHARGE (customers with non-metered sewer service)
Equivalent of 4,500 gallons of sewer service, $51.36 per month.

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

TAP FEE
The following charge is to be made whenever the District installs a new tap to serve an applicant:

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

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

LEAK ADJUSTMENT
$1.68 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average.

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE District'S SEWER SYSTEM

APPLICABILITY
Wherever the District has discovered that a customer's roof drain, downspouts, storm sewer, or other similar facilities conducting surface water has been connected to the District's sewer system, and such customer has failed to take appropriate action, within thirty days of receipt of a demand by the District, in accordance with the Rules and Regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer, calculated on the basis of the following formula:

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

S = The surcharge in dollars.

A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.

R = The measured monthly rainfall, in inches.

.0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.

C = The District's appro ved rate per thousand gallons of metered water usage.

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

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

These rates represent the following Project related increases:

TYPE OF CUSTOMER	($) INCREASE	INCREASE (%)
Residential (4,000 gallons)	$3.33	8%
Commercial (4,000 gallons)	$3.33	8%
Industrial (4,000 gallons)	$3.33	8%

The District has no resale customers.

The proposed increased rates and charges will produce approximately $32,508.00 annually in additional revenue, an increase of 6%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to W.Va. Code 24-2-11, IT IS ORDERED that Huttonsville Public Service District give notice of the filing of said application, by publishing a copy of this order once in a qualified newspaper as provided in W.Va. Code 59-3-1 et seq, published and of general circulation in Randolph County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if there is no substantial protest to the Application received within said thirty day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

A True Copy, Teste:

Sandra Squire
Executive Secretary

Huttonsville PSD
Huttonsville/Mill Creek
Wastewater Meeting
January 12, 2011

The Huttonsville PSD Board of Directors met on January 12, 2011 at 2:00 p.m. Those present were Maxine Pingley, Chair, Stewart Allen, Steve Wamsley Board Member, Louise McAtee, Office Manager, Pat Shreve, Wastewater Chief Operator Andy Malcomb, Chief Water Operator, Patrick Shreve, Chief Wastewater Operator, Milford Jones, Public and Chris See, Randolph County Commissioner.

The meeting was called to order by Maxine Pingley. Maxine Pingley opened with prayer. Louise McAtee read the minutes of the last meeting and stand as read.

Financial Statements were presented and filed for future audit.
Louise McAtee reported the Huttonsville PSD needs to establish checking accounts for the Phase II-a and Phase II- Sewer projects. Requested that the HPSD close the truck purchase account which has a balance of $11.28. Stewart Allen motioned to close this account second Steve Wamsley motion passed.

Stewart Allen motioned to elect Steve Wamsley as Chairman for the 2011 year second Maxine Pingley motion passed. Stewart Allen motioned to elect Louise McAtee as secretary to the board second Maxine Pingley motion passed.

Louise McAtee reported that Thrasher Engineering held the pre-bid meeting at the Huttonsville/Mill Creek Fire House on January 11, 2011. There were (13) contractors present.

An email had been sent to Mike Green for an update on the Water Plant project, have not received anything yet.

Trey Hornor called and said he was going to try to make it to the next meeting to give the Board an update on the Water Project to Valley Head/Mingo. Stated he has prepared the preliminary information to submit to IJDC.

Old Business:

Reported that the Public Service Commission has completed their audit on the books to evaluate and proceed with the water and sewer rate case.

Contacted Robbie Morris about Employee In-service for the Personnel Standards, he will be here on Friday January 14, 2011 at 1:00 p.m.

Reported the roof on the office has started leaking again, called Reliable Roofing and they came and inspected the roof, found another area that was leaking, repaired and said to keep an eye on it.

New Business:

Had employee interviews and decided on Kristin Crosston. She just graduated from Davis and Elkins College with a Business Degree.

Louise McAtee presented the Board with an engagement letter for Tetrick & Bartlett who will complete the financial audit for 2009-2010 fiscal year. Maxine Pingley motioned to accept the letter of engagement second Stewart Allen motion passed. Louise also presented the Board with Conflict of Interest forms which the Board needs to fill out and sign.

Andy Malcomb reported on the summary of the sanitary survey he received on the Water Department. Stated had a few areas that need to be addresses. One is the water tank at Dailey which has no fence around it. Another one is a cross-connection program, which he indicated has been started. Andy reported he has to respond in writing to the Health Department.

Stewart Allen motioned to change the meeting time for Board meetings to 2:30 p.m. second Maxine Pingley motion passed.

Operator Report was presented by Pat Shreve. *(attached)*

Stewart Allen motioned to go into Executive Session 6-9a-4 second Steve Wamsley motion passed.

No action was taken during executive session and the meeting was called back to order.

Stewart Allen motioned to pay routine bills second Maxine Pingley motion passed.

Meeting adjourned 3:55 p.m.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Water Revenue Bonds, Series 2011 B; and
Water Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTIONS, SUPPLEMENTAL RESOLUTIONS, DRAW RESOLUTIONS AND SWEEP RESOLUTION

The undersigned SECRETARY of Huttonsville Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service District:

*** *** ***

Huttonsville Public Service District met, pursuant to notice duly posted, on the 21st day of April, 2011, in Mill Creek, West Virginia, at the hour of 10:00 am.

PRESENT:	Stewart Allen	Louise McAtee
	Gary Morgan	John Stump, Steptoe & Johnson PLLC
ABSENT:	Steve Wamsley	

The acting Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, following nomination and vote and approval for Stewart Allen as Chairman Pro Tempore and Louise McAtee, acted as Secretary.

Thereupon, the Chairman presented a proposed Bond Resolution (Phase IIA) in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND

EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,050,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 A, AND NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO. .

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Gary Morgan and seconded by Stewart Allen, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Bond Resolution (Phase II A) in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF HUTTONSVILLE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS; AUTHORIZING AND APPROVING THE SALE OF

THE SERIES 2011 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2011 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Gary Morgan and seconded by Stewart Allen, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed First Draw Resolution (Phase II A) for the approval of invoices from the construction loans. Thereupon, on motion duly made by Gary Morgan and seconded by Stewart Allen, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Bond Resolution (Phase II B) in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 C (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 THE SERIES 2011 C BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS

AND ADOPTING OTHER PROVISIONS RELATING THERETO

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Gary Morgan and seconded by Stewart Allen, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Bond Resolution (Phase II B) in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), OF HUTTONSVILLE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2011 C BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2011 C BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Gary Morgan and seconded by Stewart Allen, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed First Draw Resolution (Phase II B) for the approval of invoices from the construction loans. Thereupon, on motion duly made by Gary Morgan and seconded by Stewart Allen, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Gary Morgan and seconded by Stewart Allen, it was unanimously ordered that the said Sweep Resolution be adopted.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Huttonsville Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 25th day of April, 2011.

Secretary

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 4/25/2011

ISSUE: Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 277, Mill Creek, West Virginia 26280 COUNTY: Randolph

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 4/25/2011 CLOSING DATE: 4/25/2011

ISSUE AMOUNT: $200,000 RATE: 0%

1ST DEBT SERVICE 3/1/2013 1ST PRINCIPAL DUE 3/1/2013

1ST DEBT SERVICE AMOUNT $1,310 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: Mountain Valley Bank
Contact: Bethany Arbogast
Phone: 304.637.2265

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Louise McAtee
Position: Office Manager
Phone: 304-335-2035

OTHER:
Agency: West Virginia Infrastructure & Jobs Development Council
Contact: James Ellars
Position: Executive Director
Phone: 304.414.6501

DEPOSITS TO MBC AT CLOSE

By:				
x	Wire		Accrued Interest:	$
	Check		Capitalized Interest:	$
		x	Reserve Account:	$ 5,240
			Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:				
	Wire		To Escrow Trustee	$
	Check		To Issuer	$
	IGT		To Cons. Invest. Fun	$
			To Other:	$

NOTES: The Series 2011 C Reserve Account will be fully funded with bond proceeds

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Mountain Valley Bank, Mill Creek, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Huttonsville Public Service District (the "Issuer"), adopted April 21, 2011, and a Supplemental Resolution of the Issuer adopted April 21, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated April 25, 2011, in the principal amount of $200,000 (the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 25th day of April, 2011.

MOUNTAIN VALLEY BANK

By: _____
Its: Authorized Officer

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2011 C BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Huttonsville Public Service District Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated April 25, 2011, in the principal amount of $200,000 ("the Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 25th day of April, 2011.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF SERIES 2011 C BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Huttonsville Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Huttonsville Public Service District Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), of the Issuer, dated April 25, 2011, in the principal amount of $200,000, numbered CR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 25th day of April, 2011.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

Phase II-B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of April 25, 2011, by and between HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $200,000 Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in fully registered form (the "Series 2011 C Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted April 21, 2011, and a Supplemental Resolution of the Issuer duly adopted April 21, 2011 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen

signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:
Huttonsville Public Service District
Post Office Box 277
Mill Creek, West Virginia 26280
Attention: Chairman

REGISTRAR:
The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

437410.00008

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date April 25, 2011

Webster County Economic Development Authority
Account Number 6089001809

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 C
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR April, 2011

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

10-0414-PSD-CN

ALS/WN/DA/DEP/GB/Ut File

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PUBLIC SERVICE COMMISSION
WATER & WASTEWATER DIVISION

10-0414-PSD-CN

NOV 02 2009

RECEIVED

PERMIT

PROJECT: (Sewer) East Dailey, Dailey & Valley Bend Sewer System Improvements, Phases IIA & IIB

PERMIT NO.: 18,439

LOCATION: East Dailey, Dailey & Valley Bend

COUNTY: Randolph

DATE: 10-28-2009

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Huttonsville Public Service District
P. O. Box 277
Mill Creek, West Virginia 26280

is hereby granted approval to: install approximately 2447 LF of 10", 18,474 LF of 8" and 9,066 LF of 6" sewer line; necessary cleanouts and manholes; upgrade the existing East Dailey Lift Station #2 to a 200 GPM duplex submersible sewage station; upgrade the existing Huttonsville Lift Station to a 185 GPM duplex submersible sewage station; upgrade the existing Mill Creek Lift Station to a 220 GPM duplex submersible station; add a new Sewage Lift Station #7 with two (2) 43 GPM sewage grinder pumps; install approximately 60 LF of 1.5" force main; abandon the existing East Dailey, Dailey and Valley Bend Imhoff tanks; and all necessary controls and appurtenances.

Facilities are to serve 950 existing customers in the East Dailey, Dailey and Valley Bend areas in the Huttonsville Public Service District.

The Environmental Engineering Division of the **OEHS Philippi District Office, (304) 457-2296,** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cls
pc: Thrasher Engineering, Inc.
Katheryn Emery, P.e., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Randolph County Health Department
OEHS-EED Philippi District Office

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
601 57TH STREET SE
CHARLESTON, WV 25304-2345

RECEIVED
FEB 08 2008
THRASHER ENGINEERING, INC.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0080535
SUBJECT: Sewage

ISSUE DATE: May 21, 2007
EFFECTIVE DATE : June 20, 2007
EXPIRATION DATE: May 20, 2012
SUPERSEDES: Permit No. WV0080535 dated March 25, 2002

LOCATION: MILL CREEK (City) Randolph (County) Tygart Valley River (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: HUTTONSVILLE PSD
PO BOX 277
MILL CREEK, WV 26200

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
Operate and maintain an existing wastewater collection system and an existing 0.41 mgd aerated lagoon wastewater treatment plant. The wastewater collection and treatment system is comprised of 4,000 linear feet of four (4) inch diameter gravity sewer line, 16,300 linear feet of six (6) inch diameter gravity sewer line, 72,259 linear feet of eight (8) inch diameter gravity sewer line, 6,800 linear feet of ten (10) inch diameter gravity sewer line, 320 manholes, 35 cleanouts, 9 lift stations, 2,716 linear feet of one and a half (1.5) inch diameter force main, 1,584 linear feet of two (2) inch force main, 3,800 linear feet of four (4) inch force main, 17,000 linear feet of six (6) inch diameter force main, 24,124 linear feet of eight (8) inch diameter force main, a mechanical bar screen, a 3,978,000 aeration chamber, a 490' X 220' X 5' polishing pond, a 470' X 200' polishing pond, ultraviolet disinfection, 36,000 gallon post aeration, and a six (6) inch Parshall flume.

These facilities are to serve a population equivalent of approximately 2,500 persons in Valley Bend, Dailey, East Dailey, Town of Huttonsville, and Mill Creek in the Huttonsville Public Service District and discharge treated wastewater via Outlet No. 002 to the Tygart Valley River approximately 98.0 miles from its mouth of the Monongahela River.

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0080535, dated February 20, 2007 is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Inspector Facility	Latitude	Longitude	Receiving Stream	Primary SIC	NPDES
002	38°43'57"	79°57'35"	TYGART VALLEY RV	N/A	98

Engineer (II B)

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

April 8, 2009

COPY

Lynn R. Channell, Chairman
Huttonsville Public Service District
P.O. Box 277
Mill Creek, WV 26280

Dear Mr. Channell:

This letter, with Attachments 1 through 8 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The 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 RUS grant in the amount of $1,000,000, and other funding in the amount of $1,400,000, for a total project cost of $2,400,000. The other funding is planned in the form of a $1,000,000 Small Cities Block Grant (SCBG) and ad a $400,000 grant from the West Virginia Infrastructure and Jobs Development Council (WVIJDC).

The grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Extra copies of this letter are being provided for use by your engineer, attorney, and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

a. RUS Instruction 1780
b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).

d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

"Government Auditing Standards" (Revision July 2007) (Accountant Copy) may be accessed at www.gao.gov/govaud/ybk01.htm

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 Supplemental General Conditions (Engineer Copy)
Attachment No. 4 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
Attachment No. 5 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
Attachment No. 6 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
Attachment No. 7 – Labor Standards Provision (Engineer Copy)
Attachment No. 8 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. American Recovery and Reinvestment Act of 2009 ("Recovery Act").

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

a. Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.

b. Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.

c. Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

d. Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

Compliance with the conditions in this section is required for financing under the Recovery Act. However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

2. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.

3. Security – Security requirements are contained in RUS Bulletin 1780-12 which is mentioned later.

4. Users – This conditional commitment is based upon you providing evidence that there will be at least 964 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are

actually connected to 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 project for construction bids.

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 currently using the system.

5. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.

7. Accounting Services – It will be necessary for you to 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 loan/grant closing, your accountant must certify that the accounts and records as required by your Grant Agreement 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.

Rural Development regulations (RD Instruction 1780) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. "Government Auditing Standards" (Revised July 2007), and RUS Bulletins 1780-30 and 1780-31 outline audit requirements. This information is available on the websites referenced on Pages 1 and 2 of this letter.

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 $500,000 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.

8. 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. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

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.

9. 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
-Railroads
-State Department of Health
-Department of Environmental Protection
-Corps of Engineers
-Public Land Corporation

10. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:

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.

11. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

a. General Liability Insurance – This should include vehicular coverage.

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. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to $300,000, or the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

   The minimum coverage acceptable to RUS once your project is in operation 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:

   i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
   ii. 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.

12. Environmental Requirements –

a. Mitigation – Normal mitigation measures consistent with a project of this type will be practiced during planning and construction. No abnormal mitigation measures were required by the regulatory agencies consulted during the environmental review.

b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

13. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

14. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

15. Contract Documents, Final Plans and Specifications –

a. The contract documents should consist of the following:

(1) EJCDC Document No. C-521, 2002 Edition, "Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, 2002 Edition, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

(3) "Labor Standards Provisions" – Title 29, Subtitle A, Part 5, Section 5.5, Contract provision and Related matters. One copy of this item is attached hereto (Attachment No. 9). Additional copies must be reproduced by the engineer.

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version)," is available on the website referenced on Page 1 of this letter or it can be provided by the RD Area Office upon request. It is for use by the PSD's engineer in the preparation of the contract documents.

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. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest 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.

16. 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. Funds will be disbursed by electronic transfer of funds.

Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

a. Federal grant awards (includes all federal funding sources) are less than $120,000 per year.

b. The best available interest bearing account would not be expected to earn in excess of the following:

Public Bodies
Interest earned on grant funds in excess of $100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

c. The depository would require a minimum balance so high that it would not be feasible.

The PSD will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

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.

17. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

18. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 1940-1 – "Request for Obligation of Funds"
RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"
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"
RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
Standard Form LLL – "Disclosure of Lobbying Activities" (If Applicable)
Certification of Compliance
Form RD 1942-46, "Letter of Intent to Meet Conditions"

19. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the grant docket. All the items listed must

be included in the grant docket when it is forwarded to the USDA – Rural Development State Office with a request for closing instructions to be issued.

20. Upon receipt of the 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 grant approval have been satisfied, 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 grant can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the grant closing will be scheduled.

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 conditions set forth in this letter are not met within twelve (12) 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 grant closing within the twelve-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,

Dianne Goff Crysler 4/2/09
DIANNE GOFF CRYSLER
Acting State Director

Enclosures

cc: Page 13.

cc: Rural Development Specialist
Elkins, WV

Bennett and Dobbins, PLLC
Certified Public Accountants
ATTN: Zack Dobbins, CPA
317 Cleveland Avenue
Fairmont, WV 26554

Thomas R. Ross II
Attorney at Law
P.O. Box 2448
Elkins, WV 26241

Thrasher Engineering, Inc.
ATTN: Kenneth P. Moran, P.E.
P.O. Box 1532
Clarksburg, WV 26301

West Virginia Infrastructure and
Jobs Development Council
ATTN: Angela Chestnut, P.E.
Executive Secretary
300 Summers Street, Suite 980
Charleston, WV 25301

Region VII Planning and Development Council
One Edmiston Way
Buckhannon, WV 26201

West Virginia Development Office
1900 Kanawha Boulevard, East
Charleston, WV 25305

Attachment No.1 to the Letter of Conditions
For: Huttonsville PSD - Phase II B Sewer Project
Date: April 8, 2009

Project Construction Budget
Huttonsville Public Service District
Phase II B Sewer Project

PROJECT COST	RUS GRANT	SCBG	WVIJDC GRANT	TOTAL
CONSTRUCTION	$ 703,435	$ 780,000	$ 250,000	$ 1,733,435
CONSTRUCTION CONTINGENCY	$ 116,565	$ -	$ 50,000	$ 166,565
LAND & RIGHTS	$ -	$ 50,000	$ -	$ 50,000
LEGAL FEES	$ 20,000	$ -	$ -	$ 20,000
ACCOUNTING	$ 8,000	$ -	$ -	$ 8,000
ENGINEERING FEES	$ 110,000	$ 120,000	$ 100,000	$ 330,000
Basic - $150,000				$ -
Insp. - $110,000				$ -
Special - $70,000				$ -
ADMINISTRATION	$ -	$ 50,000	$ -	$ 50,000
PROJECT CONTINGENCY	$ 42,000	$ -	$ -	$ 42,000
TOTAL	**$ 1,000,000**	**$ 1,000,000**	**$ 400,000**	**$ 2,400,000**

HUTTONSVILLE PUBLIC SERVICE DISTRICT
PHASE II B SEWER SYSTEM IMPROVEMENT PROJECT
PROPOSED TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, and industrial sewer service.

RATES (Customers with metered sewer service)

First	3,000 gallons used per month	$ 11.62 per 1,000 gallons
Next	3,000 gallons used per month	$ 10.26 per 1,000 gallons
Next	4,000 gallons used per month	$ 8.78 per 1,000 gallons
All Over	10,000 gallons used per month	$ 7.38 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $34.86 per month.

FLAT RATE CHARGE (Customers with non-metered sewer service)

Equivalent of 4,500 gallons of sewer service, $50.25 per month.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A tap fee of $300.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

$0.94 per 1,000 gallons is to be used when a bill reflects unusual consumption, which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average.

HUTTONSVILLE PUBLIC SERVICE DISTRICT
PHASE II B SEWER SYSTEM IMPROVEMENT PROJECT
PROPOSED TARIFF

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SERWER SYSTEM

APPLICABILITY

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

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

S – The surcharge in dollars

A – The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R – The measured monthly rainfall, in inches

.0006233 – A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C – The District's approved rate per thousand gallons of wastewater treated

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

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

Attachment No. 1 to the Letter of Conditions
For: Huttonsville PSD - Phase II B Sewer System Improvement Project
Date: April 8, 2009

HUTTONSVILLE PSD PHASE II B SEWER SYSTEM IMPROVEMENT PROJECT
OPERATING BUDGET PROPOSED RATES

OPERATING INCOME				
Metered Sales	$	552,934		
Penalties	$	5,663		
Misc. Revenues	$	1,200		
TOTAL OPERATING INCOME				$ 559,797
NON OPERATING INCOME				
Interest & Dividend Income	$	3,157		
TOTAL NON OPERATING INCOME				$ 3,157
TOTAL INCOME				$ 562,954
EXPENSES				
O & M	$	249,042		
Taxes	$	9,640		
TOTAL EXPENSES				$ 258,682
INCOME AVAILABLE FOR D/S (A)				$ 304,272
DEBT SERVICE				
Existing Bonds P & I	$	182,398		
Proposed Phase II A RUS Bond P & I	$	51,912	(3.75% for 38 years)	
Proposed Phase II A WVIJDC Bond P & I	$	21,053	(0% for 38 years)	
TOTAL DEBT SERVICE (B)				$ 255,363
RESERVES				
Existing RUS Reserve Payments	$	3,030		
Existing Non-RUS Reserves	$	16,430		
R&R Reserve - 2.5% of Gross Revenues	$	14,074		
Proposed Phase II A WVIJDC Debt Reserve	$	2,106		
Proposed Phase II A RUS Debt Reserve	$	5,192		
TOTAL ANNUAL RESERVES				$ 40,832
SURPLUS (DEFICIT)				$ 8,077
DEBT COVERAGE (A/B)				$ 1.19

Based on an RUS grant of $1,000,000, a Small Cities Block Grant (SCBG) of $1,000,000, and a WVIJDC Grant of $400,000

Approved OMB.No. 0572-0121
RUS Bulletin 1780-12

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

Phase IIB
00-16

THIS AGREEMENT dated April 25, 2011 between

HUTTONSVILLE PSD

a public corporation organized and operating under

Chapter 16, Article 13 A, WV State 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) (waste) system to serve the area under jurisdiction at an estimated cost of **$2,225,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$1,225,000** 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 **$1,225,000** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$1,000,000** or **44.94%** 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 **44.94%** 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.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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, adopted by resolution dated _____, 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).

All real property owned by the Huttonsville Public Service District and used in conjunction with the PSD's sewer collection, transportation and treatment operations.

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 property 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 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 **1,000,000.00** which it will advance to Grantee to meet not to exceed **44.94%** 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:

By: Donna A. McAtee

(Title) Secretary

By:

(Title) Chairman HPSD Board of Directors

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Rural Development Specialist
(Title)

IC-2
(03/11)

GRANT AGREEMENT
(2008S-1012-B)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the HUTTONSVILLE PUBLIC SERVICE DISTRICT (the "Governmental Agency").

R E C I T A L S

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $1,025,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

T E R M S

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit B, unless the Council and Authority are provided replacement instructions in writing.

6. The Governmental Agency shall comply with and is bound by the Council=s rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson
Date: April 25, 2011

(SEAL)

Attest:
_____

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: April 25, 2011

(SEAL)

Attest:
_____

Its: Authorized Officer

Exhibit A

Project Description

The Project consists of removal and replacement of various size gravity sewer pipe, manholes, grinder pump stations in the Valley Bend, Valley and Dailey areas, together with all appurtenant facilities.

Number of New Users: 0
Location: NA

[TO BE PLACED ON LETTERHEAD]

Exhibit B

Wiring Instructions

Huttonsville Public Service District
P.O. Box 277
Mill Creek, WV 26280

Payor:	**West Virginia Water Development Authority**
Source:	**Grant Proceeds**
Amount:	**$_____**
Date:	**_____**
Form:	**Electronic Funds Transfer**
Payee:	**Huttonsville Public Service District** **#1 High Street, Mill Creek, WV 26280**
Contact Name:	**Louise McAtee**
Telephone:	**(304) 335-2235**
Bank Name:	**Mountain Valley Bank**
Bank Street Address:	**Main Street, Mill Creek, WV 26280**
Bank Contact:	**Bethany Arbogast**
Telephone:	**(304) 637-2265**
Routing No.:	**051501671**
Account No.:	**1028235**
Account Name:	**Series 2011 C Bonds Construction Trust Fund**

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 4/7/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Michael Marsh, AU AIS
Allegheny Insurance 104 Third Street P O Box 1426 Elkins WV 26241	PHONE (A/C, No, Ext): (800) 628-7794 FAX (A/C, No): (304) 636-2043 E-MAIL ADDRESS: mmarsh@alleghenyinsurance.com PRODUCER CUSTOMER ID #: 00001878

INSURED	INSURER(S) AFFORDING COVERAGE	NAIC #
Huttonsville Public Service District PO Box 277 Mill Creek WV 26280	INSURER A: American Alternative Ins Corp	19720
	INSURER B: BrickStreet Mutual Ins Co	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES CERTIFICATE NUMBER: Master 2011-2012 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC			GPPAPF6053670	2/1/2011	2/1/2012	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $ 3,000,000
A	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS			GPPAPF6053670	2/1/2011	2/1/2012	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) Underinsured motorist Medical payments	$ 1,000,000 $ $ $ $ 1,000,000 $ 5,000
A	X UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DEDUCTIBLE RETENTION $			GPPAXS3051551	2/1/2011	2/1/2012	EACH OCCURRENCE AGGREGATE	$ 1,000,000 $ 1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WC1000865208	2/24/2011	2/24/2012	X WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 100,000 $ 100,000 $ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

(304) 558-0299

West Virginia Water Developement Authorit
180 Association Drive
Charleston, WV 25311-1217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

M Marsh, AU AIS/MSM

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WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service 1974 - 2010

Phase II-A
Phase II-B

April 25, 2011

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Sewer Revenue Bonds, Series 2011 B; and
Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Bennett & Dobbins, the independent certified public accountants, and the opinion of Steptoe & Johnson PLLC, bond counsel, stating that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amounts of the Prior Bonds, hereinafter defined and described, hereby consents to (a) the issuance of the Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), in the aggregate principal amounts of $1,050,000, Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in the original aggregate principal amounts of $800,000; and Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the original aggregate principal amounts of $200,000 (collectively, the "Series 2011 Bonds") by Huttonsville Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (i) Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000 (the "Series 2003 A Bonds"); and (ii) Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28,1984, issued in the original aggregate principal amount of $144,089 (the "Series 1984 B Bonds") (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Carol A. Cummings
Authorized Representative

437410.00002

180 Association Drive, Charleston, WV 25311-1217
Phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

USDA Rural Development
United States Department of Agriculture
Rural Development
West Virginia State Office

April 25, 2011

Phase II-A
Phase II-B

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 A
(United States Department of Agriculture);
Sewer Revenue Bonds, Series 2011 B; and
Sewer Revenue Bonds, Series 2011 C
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), in the original aggregate principal amount of $1,050,000, Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of $800,000, and Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), in the original aggregate principal amount of $200,000 (collectively, the "Bonds"), by Huttonsville Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000 (the "Prior Bonds") and (ii) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution, and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESSETH my signature on this 25th day of April, 2011.

State Director

1550 Earl Core Road, Suite 101, Morgantown, WV 26505
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STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

CLOSING MEMORANDUM

Phase II-B

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **April 25, 2011**

Re: **Huttonsville Public Service District Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO HUTTONSVILLE PUBLIC SERVICE DISTRICT

Payor:	West Virginia Infrastructure Fund
Source:	Series 2011 C Bond Proceeds
Amount:	$194,760
Form:	Wire Transfer
Payee:	Huttonsville Public Service District, 1 High Street, Mill Creek, WV 26280
Bank:	Mountain Valley Bank, Main Street, Mill Creek, WV 26280
Routing #:	051501671
Account #:	1028235
Contact:	Bethany (304) 335-2222
Account:	Series 2011 C Bonds Construction Trust Fund

Payor:	United States Department of Agriculture
Source:	Grant
Amount:	$46,000
Form:	Wire Transfer
Payee:	Huttonsville Public Service District, 1 High Street, Mill Creek, WV 26280
Bank:	Mountain Valley Bank, Main Street, Mill Creek, WV 26280
Routing #:	051501671
Account #:	1028235
Contact:	Bethany (304) 335-2222
Account:	Series 2011 C Bonds Construction Trust Fund

II. DISBURSEMENTS TO THE MUNICIPAL BOND COMMISSION

Payor:	Huttonsville Public Service District
Source:	Series 2011 C Bonds Proceeds
Amount:	$5,240
Form:	Wire
ABA No:	051503394
Account No:	5270517317
Bank:	BB&T for the benefit of Municipal Bond Commission
Contact:	Sara Boardman
Purpose:	Fund the Series 2011 C Bonds Reserve Account

2008S-1012B

RESOLUTION OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO SERVICES FOR THE PHASE II-B SEWER SYSTEM IMPROVEMENT PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Huttonsville Public Service District, has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded by the West Virginia Infrastructure & Jobs Development Council (IJDC) and the United States Department of Agriculture ("USDA") find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED the Huttonsville Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC Loan	IJDC Grant	USDA Grant
Steptoe & Johnson (Bond Counsel)	15,000.00	15,000.00	0.00	0.00
Huntington Bank (Registrar)	500.00	500.00	0.00	0.00
Steptoe & Johnson (PSC Counsel)	8,000.00	8,000.00	0.00	0.00
Bennett & Dobbins	4,000.00	4,000.00	0.00	0.00
Thrasher Engineering	169,226.54	167,260.00	0.00	1,966.54
Thomas Ross, II, Esquire	16,000.00	0.00	0.00	16,000.00
Huttonsville PSD	2,995.22	0.00	0.00	2,995.22
Lands & ROWs	19,075.65	0.00	0.00	19,075.65
Morgan Haymond	5,850.00	0.00	0.00	5,850.00
MBC (Reserves)	5,240.00	5,240.00	0.00	0.00
Total	245,887.41	200,000.00	0.00	45,887.41

ADOPTED BY the Huttonsville Public Service District, at the meeting held on the 21st day of April, 2011

Huttonsville Public Service District

By: _____
Its: Chairman

Approved for Payment: By: _____ Date: 4/21/11
USDA Rural Development, RUS

SWEEP RESOLUTION

Huttonsville Public Service District

WHEREAS, Huttonsville Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

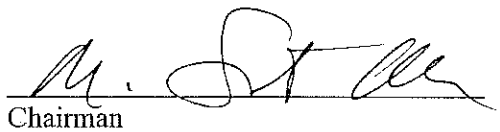
NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on, reserve funds, and administrative fees for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Chairman, Secretary and Treasurer are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 21st day of April, 2011.



Chairman

1980 Ban

1984A 1984B

HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION

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HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION

A RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN SEWAGE FACILITIES OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT, RANDOLPH COUNTY, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $500,000 IN PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1980, AND BOND ANTICIPATION NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS AND NOTES; AUTHORIZING THE SALE OF SUCH BONDS AND NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO THE TERMS OF A LOAN AGREEMENT BETWEEN THE DISTRICT AND SAID AUTHORITY AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT, RANDOLPH COUNTY, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority of this Resolution. This Resolution (the "Bond Legislation") is adopted pursuant to the provisions of Article 13A of Chapter 16 of the Code of West Virginia 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. Huttonsville Public Service District (the "Issuer") was established by order of The County Commission of Randolph County, West Virginia, dated June 13, 1972.

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewer facilities (the "Project") of the Issuer, which along with the sewer facilities previously acquired and constructed by the Issuer, shall constitute public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the "System") at an estimated cost of $3,816,590 in accordance with the

plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed in the office of the Issuer.

C. The estimated revenues to be derived in each year after the adoption 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 and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the principal amount of not more than $500,000 to finance costs of the construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and francises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon the Bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

E. It is in the best interests of the Issuer that its Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority (the form of which agreement is attached hereto as Exhibit A, which Exhibit, by this reference, is incorporated herein and made a part hereof) (the "Loan Agreement").

F. The Issuer does not now own public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage, or industrial wastes.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds and the Notes as to lien and source of and security for payment.

H. Pending issuance of the Bonds, it is necessary for the Issuer to issue its bond anticipation notes (the "Notes") in the principal amount of $426,000 to provide interim financing for the Project, in accordance with the Loan Agreement.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bonds by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The Issuer is not required by the Loan Agreement to have approval of increased sewer rates prior to issuance of the Notes, but shall have obtained approval of necessary sewer rates prior to issuance of the Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal holders of any and all of such Bonds and the coupons attached thereto, all which shall be of equal rank and without preference, priority or distinction between any one Bond and the coupons appertaining thereto and any other Bonds and the coupons appertaining thereto 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" shall mean Article 13A of Chapter 16 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" shall mean the West Virginia Water Development Authority, which shall be the original purchaser of the Bonds or any other Agency of the State of West Virginia that succeeds to the functions of the Authority.

"Board" shall mean the Public Service Board of the Issuer which is the governing body of the Issuer pursuant to the Act.

"Bonds" shall mean not in excess of the $500,000 Sewer Revenue Bonds, Series 1980, originally authorized to be issued pursuant hereto, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained herein, and the interest coupons appertaining to said Bonds; and shall also mean until issuance of the Bonds, the Notes with reference to the provisions of Articles IV, V, VI and VII hereof except as expressly provided otherwise in Article III A hereof.

"Bondholder" or "Holder of the Bonds" or any similar term shall mean any person who shall be the bearer or owner of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered other than to the bearer or of any coupons representing interest accrued or to accrue on the Bonds; and shall also mean, until issuance of the Bonds, the holder or owner of the Notes.

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

"Chairman" shall mean the Chairman of the Board.

"Commission" shall mean 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" shall mean West Augusta Company, Consulting Engineers, Elkins, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Cost of Works" shall mean those costs described in Section 1.02(D) hereof to be a part of the cost of construction and acquisition of the Project.

"Fiscal Year" shall mean each twelve-month period beginning on July 1 and ending on the succeeding June 30.

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

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

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

"Issuer" shall mean the Huttonsville Public Service District, Randolph County, West Virginia, and where appropriate the Board thereof.

"Loan Agreement" shall mean the Loan Agreement between the Authority and the Issuer providing as to purchase of the Bonds and the Notes from the Issuer by the Authority.

"Notes" shall mean the Sewerage System Bond Anticipation Notes, Series 1980, of the Issuer authorized hereby in the principal amount of $426,000.

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

"Project" shall mean the sewer facilities described in Exhibit B attached hereto.

"Secretary" shall mean the Secretary of the Board.

"Supplemental Resolution" shall mean any resolution which is amendatory hereof or supplemental hereto.

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. Exhibits. Exhibits attached hereto as parts hereof are as follows:

Exhibit A - Loan Agreement
Exhibit B - Project

ARTICLE II

AUTHORIZATION OF CONSTRUCTION
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project, plans and specifications for which have been prepared by the Consulting Engineers, and heretofore filed in the office of the Board. The proceeds of the Bonds hereby authorized shall be applied as provided in Article V hereof.

ARTICLE III

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

Section 3.01. Authorization and Terms of Bonds. For the purpose of financing the cost of construction and acquisition of the Project, there shall be issued negotiable Sewer Revenue Bonds, Series 1980, of the Issuer, in the aggregate principal amount of not in excess of $500,000. Said Bonds shall be designated "Sewer Revenue Bonds, Series 1980"; and shall bear interest at such rate or rates, not exceeding the maximum rate authorized by the Act, and shall mature as the Issuer shall prescribe in the Supplemental Resolution. Interest on the Bonds shall be payable semiannually and shall commence as prescribed in the Supplemental Resolution. The Bonds shall be payable as to both principal and interest at the office of the Commission or through a paying agent or agents selected by the original purchaser or purchasers thereof, in any coin or currency that is legal tender for the payment of public or private debts under the laws of the United States of America, and shall be redeemable, in whole or in part, as set forth in the Supplemental Resolution.

The Issuer will issue the Bonds to be exchanged for the Notes, the Bonds shall comply in all respects with the provisions of the Loan Agreement, shall have the following terms, and shall be issued upon the following additional conditions:

(A) The Bonds shall be in an aggregate principal amount equal to the unpaid principal amount of all outstanding Notes plus the amount, if any, required by the Bond Resolution referred to in the Loan Agreement to be paid from the proceeds of the Bonds to fund the Capital Reserve Fund and to pay all Costs of Issuance (both "Capital Reserve Fund" and "Costs of

Issuance" are defined in said Bond Resolution) including, without limitation, any consultant fees, related thereto (collectively, the "Issuing Expenses") as determined by the Authority, and the Issuer will advise the Authority of the amount, if any, of Issuing Expenses to be paid from any of its funds then available to pay such Issuing Expenses before utilizing the proceeds of the Bonds to do so; and

(B) The Bonds shall mature in the times and amounts as directed by the Authority, but not over a period of more than 40 years, and shall be dated, shall bear interest at such rate per annum (but not in excess of the legally permissible rate) as the Authority shall direct and shall be in denominations equal to the unpaid principal amount of each of the Notes to be exchanged, plus the pro rata portion of Issuing Expenses which are not to be paid from other funds of the Issuer attributable to each such Note.

The Bonds shall be issued in the form of coupon Bonds, registrable as to principal only, or in the form of one fully registered Bond with payment record attached (the "Registered Bond").

Coupon Bonds shall be in the denomination of $5,000 each and shall be dated as of the date which is six months preceeding the first interest payment date of the Bonds. Coupon Bonds shall bear interest from their date, payable in accordance with, and upon surrender of, the appurtenant interest coupons as they severally mature. The Registered Bond shall be dated as of the date of its delivery to the original purchaser thereof and shall bear interest from such date.

Except as otherwise provided in Section 3.04, before the delivery of any coupon Bonds, all matured coupons thereto attached, except matured coupons for which payment in full has not been provided, shall be cut off, cancelled and destroyed; provided, however, that if coupon Bonds are issued in exchange for the Registered Bond upon which interest is in default, as shown by the records of the Treasurer of the State, such coupon Bonds shall have attached thereto all coupons maturing after the date to which interest has been paid in full, as shown by such records, and in case any interest installments shall have been paid in part, appropriate notation shall be made on the coupons to evidence such fact.

Section 3.02. Execution of Bonds and Coupons. Said Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or a facsimile of the seal shall be imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

The coupons to be attached to the Bonds shall be authenticated with the facsimile signature of the present or future Chairman and Secretary of the Issuer.

Section 3.03. Negotiability, Transfer and Registration. The Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds or the coupons appertaining thereto, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Treasurer of the State of West Virginia shall keep and maintain books for the registration and transfer of the Bonds. Coupon Bonds

may be registered at the option of the Holder as to principal only at the office of the Treasurer of the State of West Virginia, such registration to be noted on the back of said Bonds in the space provided therefor. After such registration as to principal only, no transfer of the Bonds shall be valid unless made at said office by the registered owner, or by his duly authorized agent or representative, and similarly noted on the Bonds, but the Bonds may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored. At the option of the Holder the Bonds may thereafter again from time to time be registered or transferred as before. Such registration as to principal only shall not affect the negotiability of the coupons, which shall continue to pass by delivery.

The Registered Bond shall be transferable only upon the books of the Issuer, which shall be kept for the purpose at the office of the aforesaid Treasurer, 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 Treasurer of the State duly executed by the registered owner or his duly authorized attorney. Upon transfer of the Registered Bond, there shall be issued in the name of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount equal to the unpaid principal amount of the Registered Bond, and having maturities corresponding to the principal installments of such Registered Bond then unpaid.

In all cases in which the privilege of exchanging Bonds or transferring the Registered Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Treasurer. For every such exchange or transfer of Bonds, the Treasurer 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 coupon Bond upon each exchange or transfer, and any other expenses of the said Treasurer incurred in connection therewith, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer; provided, however, that in the event the Authority is the Bondholder requesting such exchange or transfer, the Issuer shall pay all such taxes, fees, governmental charges or other expenses incurred in making such exchange or transfer. The Treasurer shall not be obliged to make any such exchange or transfer of Bonds during the ten (10) days preceeding 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.

Section 3.04. Bonds Mutilated, Destroyed, Stolen, or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond with all unmatured coupons, if any, so mutilated, destroyed, stolen or lost in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond, and attached coupons, if any, or in lieu of and substitution for the Bond and coupons, if any, destroyed, stolen or lost and upon the Holder's furnishing the Issuer proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds and coupons so surrendered shall be cancelled by the Secretary and held for the account of the Issuer. If such Bond or coupons shall have matured or be about to mature, instead of issuing a substitute Bond or coupon, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond or coupons be lost, stolen, or destroyed, without surrender therefor.

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

Section 3.05. Form of Bonds and Coupons. The text of the Bonds, and of the coupons, shall be of substantially the following tenor, 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 Coupon Bonds)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF RANDOLPH
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1980

NO. _____ $5,000

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public corporation, organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay solely from the special funds provided therefor, as hereinafter set forth, to the bearer or, if this Bond be registered as to principal to the registered holder thereof, on the first day of _____, 19___, the sum of Five Thousand Dollars ($5,000) and solely from such special funds also to pay interest on said sum from the date hereof at the rate of _____ per centum (_____%) per annum semiannually, on the first day of _____ and the first day of _____ in each year beginning _____ 1, 19___, all such interest as may accrue on and prior to the maturity date hereof to be payable only upon presentation and surrender of the annexed coupons as they severally become due, both principal of, and interest on, this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, 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, or at the option of the holder at the _____.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities (by lot if less than all the Bonds of the same maturity) only on or after the date on which all outstanding bonds issued by West Virginia Water Development Authority (the "Authority") to provide funds for the purchase of the Bonds of the issue of which this Bond is one are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its Bonds outstanding (ii) the interest to accrue on the bonds of the Authority so to be redeemed to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any,

payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event that the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on its bonds, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding refunding bonds of the Authority.

This Bond is one of an authorized issue of Bonds (the "Bonds") in the aggregate principal amount of $_____, of like date and of like tenor and effect, except as to principal amount, number, date of maturity, and interest rate, issued to finance the cost of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes in the territory to be served by the Issuer (the "System") of the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the Public Service Board of the Issuer on the _____ day of _____, 19___, and a Supplemental Resolution adopted by said Board on the _____ day of _____, 19___ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions of the Bond Legislation. 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.

The Bonds are payable only from and secured by a pledge of the net revenues to be derived from the operation of the System, which net revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. The Bonds are additionally secured by a statutory mortgage lien pursuant to the Act. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be

obligated to pay the same or the interest thereon except from said special fund provided from the net revenues from the operation of the System. By the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates of charges for the use of the System and the services rendered thereby, which shall be sufficient 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 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is fully negotiable but may be registered as to principal only in the name of the holder on the books in the office of the Treasurer of the State of West Virginia, at Charleston, West Virginia, such registration to be evidenced by notation on the back hereof by the Treasurer, after which no transfer shall be valid unless made on said books and similarly noted hereon, but it may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be registered again as before. The registration of this Bond as to principal shall not restrain the negotiability of the coupons by delivery merely.

This Bond shall be exempt from all taxation by the State of West Virginia and the other taxing bodies of said State.

All money received from the sale of this Bond or other Bonds of the issue of which this Bond is one, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the cost of the Project described in the Bond Legislation, including payment of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of such Bonds, or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed

any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pleged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on the Bonds.

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, Huttonsville Public Service District has caused this Bond to be signed by the Chairman of said Board, and its corporate seal to be hereunto affixed and attested by its Secretary, and the coupons hereto attached to be executed with the facsimile signatures of said Chairman and Secretary, which officials by the execution of this Bond do adopt as their own proper signatures their facsimile signatures appearing on said coupons, and this Bond, all as of the first day of _____, 19___.

_____
Chairman

[SEAL]

ATTEST:

_____
Secretary

(Form of Coupon)

NO. _____ $_____

On the first day of _____, 19___, Huttonsville Public Service District, Randolph County, West Virginia, will pay to bearer upon presentation of and surrender of this coupon the sum shown hereon, out of the special fund provided therefor, at the office of the West Virginia Municipal Bond Commission or at the _____, at the option of the holder hereof, said payment to be made in any coin or currency which on said date of payment is legal tender for the payment of public and private debts under the laws of the United State of America, as provided in, and for interest then due on, the Sewer Revenue Bond, Series 1980, dated _____ 1, 19___, to which this coupon is attached.

_____
Chairman

_____
Secretary

(No writing on this Bond except by the Treasurer of the State of West Virginia as Registrar)

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

[Form of Fully Registered Bond With Payment Record]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF RANDOLPH
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1980

NO. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to _____, (the "Payee") or registered assigns (the "Alternate Payee"), the sum of $_____, in installments on _____ 1 of each year as set forth below, with interest on each installment at the rate per annum set forth below opposite the year in which the installment becomes due:

Year	Installment	Interest Rate

The interest rate on each installment shall run from the original date of delivery of this Bond to the Payee and payment therefor and until payment of such installment, and such interest shall be payable on the first day of _____, and the first day of _____ in each year beginning _____ 1, 19___. Both principal of and interest on this Bond are payable in any coin or currency which, on the respective dates of payment of principal and interest, 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, or at the option of the Payee at the _____.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities only on or after the date on which all outstanding bonds issued by the West Virginia Water Development Authority (the "Authority") to

provide funds for the purchase of this Bond are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its Bond outstanding, (ii) the interest to accrue on the bonds of the Authority so to be redeemed to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any, payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on the bonds of the Authority, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding bonds of the Authority.

This Bond is issued to finance the cost of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes in the territory to be served by the Issuer (the "System") of the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the Public Service Board of the Issuer on the ____ day of _____, 19___, and a Supplemental Resolution adopted by said Board on the _____ day of _____, 19____ (collectively called the ""Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the net revenues to be derived from the operation of the System, which net revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and

which shall be set aside as a special fund hereby pledged for such purpose. This Bond is additionally secured by a statutory mortgage lien pursuant to the Act. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided, and 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 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 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing. This Bond may be exchanged for an aggregate principal amount of coupon Bonds equal to the unpaid principal amount of this Bond, and having maturities corresponding with the principal installments of this Bond then unpaid.

This Bond shall be exempt from all taxation by the State of West Virginia and the other taxing bodies of said State.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the cost of the Project described in the Bond Legislation, including payment of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be

performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, Huttonsville Public Service District has caused this Bond to be signed by the Chairman of said Board and its corporate seal to be hereunto affixed and attested by its Secretary, all as of the _____ day of _____, 19___.

_____
Chairman

[SEAL]

ATTEST:

_____
Secretary

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Interest Payment (%)	Date Paid	Name of Paying Agent Authorized Officer And Title
	$	$	$		

SCHEDULE "A"

Principal installments on which payments have been made prior to maturity

Principal Due Date	Principal Due Amount	Principal Payment	Balance	Date Paid	Name of Paying Agent Authorized Officer and Title
	$	$	$		

[Form of Assignment]

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

the within Bond of Huttonsville Public Service District, and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books of the said Public Service District with full power of substitution in the premises.

Dated:

_____

In the presence of:

_____

Section 3.06. Sale of Notes and Bonds; Execution of Loan Agreement with Authority. The Notes and the Bonds shall be sold to the West Virginia Water Development Authority, Charleston, West Virginia, pursuant to the terms and conditions of the Loan Agreement to be entered into between the Issuer and the Authority, all the provisions of which are hereby ratified and confirmed herein and made a part hereof. The Chairman is specifically authorized and directed to execute the Loan Agreement in substantially the form of Exhibit A and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IIIA

BOND ANTICIPATION NOTES

Section 3.01 A. Authorization and General. In order to pay certain costs of the construction of the Project pending the delivery of the Bonds to the Authority, bond anticipation notes ("Notes") of the Issuer shall be issued and sold in the amount of $426,000.

A fully registered Note shall be issued, representing the entire Note issue, which shall be designated "Sewerage System Bond Anticipation Note, Series 1980," shall bear such date, shall be numbered NR-1, and shall be in the denomination of $426,000, shall

be in fully registered single form, shall bear interest from date at the rate of 8% per annum, payable on such dates, shall mature, shall have such paying agents and shall have such other provisions as are not set forth herein as provided in supplemental Note Legislation to be adopted by the Governing Body prior to delivery of the Notes. The Note No. NR-1 shall contain substantially the provisions shown in the form set forth in Section 3.12 A below.

The Notes shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be impressed thereon and attested by the signature of the Secretary.

The Notes shall be sold pursuant to the Loan Agreement and to such supplemental Note Legislation.

The Notes shall be payable on demand of the Authority upon at least fourteen days written notice to the Issuer.

The Notes shall be renewed at the option of the Authority for a period not to exceed 1 year at lawful interest rates to be established by the Authority.

Section 3.02 A. Deposit of Note Proceeds. The amount received upon the sale of the Notes, less interest to become due until the maturity thereof, shall be deposited on receipt by or for the Issuer with a bank which is a member of the Federal Deposit Insurance Corporation ("FDIC"), in the Project Construction Account established hereby.

The balance received from the proceeds from the sale of the Notes shall be for payment of the interest on the Notes as such interest becomes due, and shall be directly deposited on receipt by or for the Issuer with the Commission in the Sinking Fund hereby established.

Section 3.03 A. Security for the Notes. The Notes shall be secured by the pledge by the Issuer of and by a first lien on (i) the proceeds of the sale of the Bonds issued to refund the Notes; (ii) all moneys and securities in the Sinking Fund, (iii) the proceeds from the sale of the Notes until expended as herein authorized, and (iv) the Net Revenues of the System until payment of the Notes, and said pledge by the Issuer for the benefit of the holders of the Notes, to the extent of the aggregate principal amount of the Notes and the interest thereon, is hereby made and granted. The Issuer will execute such documents as may be required, if any, to perfect such pledge and lien. The Notes shall also be secured by a first statutory mortgage lien on the System as provided in the Act.

Section 3.04 A. Payment of Notes. At the maturity, or call prior to maturity, of the Notes, as provided in Section 3.01 A hereof, the Bonds originally issued pursuant hereto shall be used to defease the Notes and pay issuing expenses required by the Authority. The Issuer hereby assigns its right to receive funds as proceeds of said Bonds to the Authority, and there shall be no transfer of funds by the Authority to the Issuer as payment for said Bonds, except to the extent Bonds are issued in a principal amount in excess of the amount required to refund the Notes and pay costs of issuance of the Bonds and related costs.

Section 3.05 A. Notes Are Limited Obligations. The Notes shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the Notes, the principal of which is payable from the sources described in Section 3.03 A above.

Section 3.06 A. Paying Agent. The Issuer, with approval of the Authority, may appoint as Paying Agent any bank, trust company or national banking association, but the Commission shall be the only Paying Agent unless the Issuer designates additional Paying Agents.

Section 3.07 A. Covenants. The Issuer agrees that until payment in full of the principal and interest owing on the Notes when due, the covenants contained in this Resolution for the benefit of the Bondholders shall inure to the benefit of the holders of the Notes.

In addition, the Issuer covenants to issue and sell the Bonds to the Authority and to take all actions necessary to cause the Authority to purchase the Bonds to refund the Notes in accordance with the Loan Agreement.

Section 3.08 A. Events of Default and Enforcement. Each of the following events is hereby declared an "Event of Default": (a) failure to make timely payment of all principal and interest owing on the Notes at due date or maturity; and (b) failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer for the benefit of the holders of the Notes and the Bonds as herein provided.

On the happening of any Event of Default, then, and in each such case, the holders of the Notes or any one or more of such holders shall be entitled to proceed against all assets pledged for payment of the Notes, and shall have and are hereby given all further rights and remedies as are granted hereby to the Authority. Each holder of a Note shall be deemed to be a holder of a Bond upon such default.

Section 3.09 A. Supplemental Note Legislation. Following adoption hereof, and upon receipt of the Loan Agreement, the Issuer, if it be so advised, will adopt supplemental Note Legislation, which supplemental Note Legislation will provide, among other things, the interest payment dates, the maturity date and the sale price of the Notes and such other matters as shall be required or desired in connection with issuance of the Notes.

Section 3.10 A. Form of Notes. The Notes shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution thereof:

(Form of Bond Anticipation Note)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE
SERIES 1980

No. NR-1 $426,000

HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district in Randolph County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to the order of West Virginia Water Development Authority the sum of FOUR HUNDRED TWENTY-SIX THOUSAND DOLLARS ($426,000), subject to prior demand as provided in the below mentioned Resolution, on June 1, 1981, with interest at the rate of eight per cent (8%) per year payable on August 29 and November 28, 1980, and February 27 and May 29, 1981. Both principal and interest are payable in lawful money of the United States of America at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, or at the option of the holder, at _____, _____.

This Note represents the entire issue of Series 1980 Notes in the aggregate principal amount of $426,000 duly authorized by the Issuer and issued in anticipation of the issuance of the Sewer Revenue Bond, Series 1980 (the "Bond"), of the Issuer in the principal sum of not to exceed $500,000 for aiding in the construction of a new public sewerage system (the "System") of the Issuer.

West Virginia Water Development Authority ("WDA") has agreed to purchase the Bond on the due date of this Note unless called prior to maturity or unless this Note has been renewed as provided below. The Bond has been authorized by the Issuer pursuant to a Resolution of the Public Service Board of the Issuer.

This Note is subject to renewal and to call prior to maturity upon the terms and conditions provided in the Resolution mentioned below.

The principal of this Note is payable solely and only from the proceeds of sale of the Bond and, if WDA should not purchase the Bond, the principal of and interest on this Note is payable from the net revenues of the System defined in the Resolution mentioned below. The proceeds of sale of the Bond have been pledged to the owner hereof to secure payment of the principal of this Note. The

Note is additionally secured by a statutory mortgage lien pursuant to the Act.

Moneys from the proceeds of sale of the Note to pay the interest on the Note to maturity have been deposited with the West Virginia Municipal Bond Commission.

This Note is a limited and special obligation of the Issuer, and does not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note or the interest hereon except from the proceeds of the Note and the Bond and any other sources which may be provided by the Resolution referred to below.

This Note has been duly authorized by a Resolution and a Supplemental Resolution of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A (the "Act").

The Act provides that this Note is exempt as to principal and interest from taxation by the State of West Virginia and the other taxing bodies of said State.

Reference is made to the said Resolution and Supplemental Resolution for further description of the security for payment hereof, the rights of the owner hereof and the rights and obligations of the Issuer.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated: _____

HUTTONSVILLE PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

_____
Secretary

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Interest Payment (%)	Date Paid	Name of Paying Agent Authorized Officer And Title
	$	$	$		

SCHEDULE "A"

Principal installments on which payments have been made prior to maturity

Principal Due Date	Amount	Principal Payment	Balance	Date Paid	Name of Paying Agent Authorized Officer and Title
	$	$	$		

[Form of Assignment]

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

the within Note of Huttonsville Public Service District, and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Note on the books of the said Public Service District with full power of substitution in the premises.

Dated:

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. System Revenues and Application Thereof. So long as any of the Bonds shall be outstanding and unpaid, the Issuer covenants with the Holders of the Bonds as follows:

A. Establishment of System Revenue Fund and Disposition of System Revenues. The entire gross revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in a special fund in a bank in the State of West Virginia which is eligible under the laws of West Virginia to receive deposits of state and municipal funds, which fund (herein called the "Revenue Fund") is hereby established. 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 herein provided. All revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first each month, from the moneys in the Revenue Fund, pay all reasonable operating expenses of the System.

(2) Thereafter, from the moneys in the Revenue Fund, the Issuer shall, on the first day of each month, commencing with and including the month of _____, 19___, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on the Bonds on the next interest payment date; provided, however, that in the event that the period to elapse between said initial payment date and the next semiannual interest payment date for the Bonds is less than six (6) months, then such monthly payments shall be increased proportionately to provide the required amount of interest maturing on the next semiannual interest payment date.

The Issuer shall also, from the Revenue Fund, remit to the Commission, on such dates or at such other times as the Commission shall require, such additional sums as shall be necessary to pay the fiscal agency charges due for paying the Bonds and the interest thereon.

The Issuer shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, as below provided, on the first day of each month, beginning on the first day of that month which is twelve (12) months prior to the first principal payment date of the Bonds, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the Bonds on the next ensuing principal payment date.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds as provided in Article V hereof by the Issuer at the times provided herein.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due.

The Issuer shall next, from the Revenue Fund, remit to the Commission for deposit in the Reserve Account hereby established in said Sinking Fund, on the first day of each month of each year, beginning with and including the month in which payments from the Revenue Fund for semiannual interest are commenced, an amount equal to twenty per centum (20%) of all amounts required to be deposited for maturing principal and interest into the Sinking Fund, as provided above, on said dates: Provided, however, that no further payments shall be made into the Reserve Account when there shall have been deposited and as long as there shall remain on deposit

therein, an amount equal to the maximum amount of principal and interest that will mature and become due on the Bonds in any succeeding fiscal year.

Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when other moneys in the Sinking Fund are insufficient therefor and for no other purpose.

Any withdrawals from the Reserve Account shall be subsequently restored from the first revenues available after all required payments to the Sinking Fund and Reserve Account, including any deficiencies for prior payments, have been made in full.

The Issuer shall not be required to make any further payments into said Sinking Fund or into the Reserve Account when the aggregate amount of funds in both said Sinking Fund and said Reserve Account are at least equal to the aggregate principal amount of the Bonds then outstanding, plus the amount of interest due or thereafter to become due on the Bonds.

As and when additional bonds ranking on a parity with the Bonds herein authorized are issued, provision shall be made for additional payments into said Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any calendar year for account of all the Bonds, including such additional bonds which by their terms are payable from said Sinking Fund.

The payments into the Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the Account in which to be deposited and the custody, use and application thereof consistent with the provisions hereof.

Moneys in the Sinking Fund shall be used solely and only and are hereby pledged for the purpose of servicing the Bonds.

(3) Thereafter, from the moneys remaining in said Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the first month in which interest shall be first payable from the Revenue Fund, remit to a bank which is eligible under the laws of West Virginia to receive deposits of public funds for deposit in a special account to be designated "Renewal and Replacement Fund," which account is hereby established and created,

a sum equal to two and one-half per centum of the gross revenues each month, exclusive of any payments for account of the Reserve Accounts. All funds in said Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer, and all or any part of said Fund may be invested in bonds or other direct or fully guaranteed obligations of the United States of America maturing or being subject to retirement at the option of the holder within not more than ten (10) years from the date of such investment. Withdrawals and disbursements may be made from said Renewal and Replacement Fund for replacements, emergency repairs, additions, betterments or improvements to the System; provided, however, that any deficiency in the Reserve Account (except to the extent such deficiency exists because the required payments into the Reserve Account have not as of the date of determination of a deficiency not funded such Reserve Account to the maximum extent required by Section 4.01(A)(2)), shall be promptly eliminated with moneys from the Renewal and Replacement Fund in amounts sufficient to eliminate such deficiency.

(4) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid for operating expenses and into the Sinking Fund and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus revenues. Said surplus revenues shall be first used for the construction and acquisition of improvements and extensions to the System, and, thereafter, to the extent not needed for such purposes, said surplus revenues and any surplus moneys in the Sinking Fund, exclusive of the Reserve Account, in excess of the amount of interest to become due on the next interest payment date and the amount of principal to become due within the next succeeding twelve (12) months, may be used to purchase or prepay Bonds, any such purchase upon the open market to be at a price not exceeding the par value thereof plus three per centum (3%) of such par value, or to redeem Bonds at a price not in excess of the redemption price thereof, or for debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such additions, betterments or improvements.

(5) The moneys in excess of the sum insured by the Federal Deposit Insurance Corporation ("FDIC") in the Revenue Fund and for the Renewal and Replacement Fund (unless remitted to the Commission) shall at all times be secured, to the full extent thereof in excess of such insured sum, by direct obligations of the United States of America or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

(6) If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds 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 on the subsequent payment dates.

(7) Moneys in the Reserve Account shall be invested and reinvested by the Commission in direct obligations of the United States of America having maturities not longer than two (2) years from the date of purchase. Moneys in the Reserve Account in excess of the maximum amount required to be therein shall, at least annually, be deposited in the Sinking Fund by the Commission.

(8) All remittances made by the Issuer to the Commission shall clearly identify the funds or accounts into which each amount is to be deposited.

ARTICLE V

APPLICATON OF BOND AND NOTE PROCEEDS

Section 5.01. Construction Trust Fund. From the moneys received from the sale of any or all the Notes, the following amounts shall be first deducted and deposited:

A. The sum required to pay interest on the Notes to maturity shall be deposited in the Sinking Fund and used to pay interest on the Notes as the same becomes due.

B. Upon issuance of the Bonds and exchange of the Bonds for the Notes and payment of allocated issuance expenses of the Bonds of the Authority as provided in the Loan Agreement, any balance remaining from the sale of the Bonds shall be deposited in the Construction Trust Fund.

The remaining moneys derived from the sale of the Notes shall be deposited by the Issuer in a fund to be known as the "Construction Trust Fund," which is hereby created, which fund shall be kept separate and apart from all other funds of the Issuer and shall be drawn out, used and applied by the Issuer solely for the payments of the cost of the construction and acquisition of the Project, and purposes incidental thereto, and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the deposit of such bonds in direct obligations of the United States of America having a fair market value at least equal to the balance in excess of the amount insured by FDIC in said fund. If for any reason such proceeds, or any part thereof, are not necessary

for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the Issuer in the Sinking Fund and shall be used only as provided herein. All such proceeds shall be and constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of the Bonds.

Expenditures or disbursements from said Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Bonds shall be made only after such expenditures or disbursements shall have been approved in writing by the Consulting Engineers.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 6.02. Bonds not to be Indebtedness of the Issuer. Neither the Bonds nor coupons appertaining thereto shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, as herein provided.

Section 6.03. Bonds Secured by Pledge of Net Revenues; Statutory Mortgage Lien. The payment of the debt service of all the Bonds shall be secured forthwith equally and ratably by a first lien on the net revenues derived from the operation of the System, to the extent necessary to make the payments required under Section 4.01 hereof. The revenues derived from the System, in an amount sufficent to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for herein are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided herein.

The Bonds are additionally secured by a statutory mortgage lien pursuant to the Act.

Section 6.04. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file in the office of the Board, each of 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 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 to provide for all reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least 130% of the maximum amount required in any ensuing year to pay the interest on and the principal of the Bonds as the same become due and accomplish retirement of all obligations for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered.

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

Section 6.06. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds outstanding, The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and, 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 Bonds as they become due or in accordance with redemption provisions hereof. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, unless otherwise prohibited by law, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of Ten Thousand Dollars ($10,000), the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of Ten Thousand Dollars ($10,000) but not in excess of Fifty Thousand Dollars ($50,000), the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and then authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase or prepayment of Bonds of the last maturities then outstanding at prices not greater than the par value thereof plus three per centum (3%) of such par value. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions hereof.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $50,000 and insufficient to pay all the Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percentum (66-2/3%) in amount of Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer will not issue any other obligations whatsoever, except additional parity bonds provided for in Section 6.08 hereof payable from the revenues of the System which rank prior to or equally, as to lien on and source of and security for payment from such revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional parity

bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, however that no such subordinate obligations shall be issued unless the Reserve Account in the Sinking Fund is funded to the extent that no further payments are required therefor as provided in Section 4.01(A)(2).

Except as provided in Section 6.08 below, the Issuer will not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds and the interest thereon, upon any of the income and revenues of the System pledged hereby for payment of the Bonds and the interest thereon or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. No additional parity bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant hereto, except under the conditions and in the manner herein provided.

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

No such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the Board a written statement by a certified public accountant not in the regular employ of the Issuer based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such additional parity bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional parity bonds shall not be less than one hundred thirty per centum (130%) of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the following:

(1) The Bonds originally issued pursuant hereto then outstanding;

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

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

The "estimated average increased annual net revenues to be received in each of the three (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 additional parity bonds and (b) any increase in rates approved by the Public Service Commission of West Virginia prior to the date of delivery of such additional parity bonds and shall not exceed the amount stated in a certificate of the Consulting Engineer which shall be filed in the office of the Board prior to the issuance of such additional parity bonds.

The net revenues actually derived from the System during the twelve-consecutive-month period hereinabove referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the opinion of the Consulting Engineers and the said certified public accountant as stated in a certificate jointly made and signed by the Consulting Engineers and said certified public accountant, on account of increased rates, rentals, fees and charges for the System approved by the Public Service Commission of West Virginia prior to issuance of such additional parity bonds.

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

The term "additional parity bonds," as used in this section, shall be deemed to mean additional bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Sewer Revenue Bonds, Series 1980, and all the covenants and other provisions hereof (except as to details of such additional parity bonds inconsistent herewith) shall be for equal benefit, protection and security of the Holders of the Sewer Revenue Bonds, Series 1980, and the holders of any additional parity bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times or 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 or coupon over any other. The Commission shall comply fully with all the increased payments

into the various funds created hereby required for and on account of such additional bonds, in addition to the payments required for Bonds theretofore issued pursuant hereto.

All additional parity bonds shall have the same monthly maturity date and the same semiannual interest payment dates as the Bonds originally issued hereunder.

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

No additional parity bonds, as in this section defined, shall be created at any time, however, unless all the payments into the respective funds and accounts provided for herein on the Bonds then outstanding, and any other payments provided for herein, shall have been made in full as required to the date of delivery of the additional bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms hereof.

Notwithstanding any of the foregoing provisions, with the written consent in advance of the Authority and upon compliance with the terms, limitations and conditions contained herein, additional parity Bonds may be authorized and issued by the Issuer pursuant to supplemental resolution solely to complete the Project in accordance with the plans and specifications therefor now on file with the Board in the event that the Bonds issued hereunder should be insufficient, together with other funds lawfully available therefor, to pay all costs of construction and acquisition of the Project; provided, however, that prior to the issuance of such additional parity bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Board a statement to the effect that additional funds are needed and shall state the amount thereof deemed to be adequate for such purpose. All such additional parity bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project and the maturities of any such additional parity bonds shall be in years and amounts suggested by the Authority.

Section 6.09. Insurance. The Issuer will carry, with a reputable insurance carrier or carriers, such insurance as is customarily carried with respect to works and properties similar to the System, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks, which insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the System. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and in the event the Issuer or any 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 officer or employee.

Section 6.11. Remedies and Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer hereunder and under the Act, including 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 default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds at the specified date of maturity thereof, or otherwise in the performance of any covenant contained herein other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder shall, in addition to all other remedies or rights, including, but not limited to, the right of foreclosure provided in the Act, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of operating expenses of the System, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions hereof and of the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of 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 principal due upon the Bonds and interest thereon and under any covenants hereof 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 hereof shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver 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 Holders of Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Bondholders, and the curing and making good of any default under the provisions hereof, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall

become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such fees, rates and charges, if not paid when due, shall become a lien on the premises served by the System. When such rees, rates and charges have been delinquent for thirty (30) days, the Issuer shall have the power to forthwith foreclose the lien on the premises served in the manner provided for the foreclosure of mortgages on real property by the laws of West Virginia, as provided by the Act.

Whenever any rates, rentals or charges for services or facilities of the System shall remain unpaid for a period of thirty 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. The Issuer further convenants and agrees that in the event it owns a waterworks system (the "Water System"), it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and the Water System to all delinquent users of services and facilities of the System and will not restore such services of either System until all delinquent charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 6.13. No Competing Franchise. The Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services that would compete with services provided by the System.

Section 6.14. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow currently accepted accounting practices and safeguards. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Issuer shall file with the Consulting Engineers and the Authority, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

A. A statement of gross revenues, operating expenses and net revenues derived from the System.

B. A balance sheet statement showing all deposits in all the funds provided for herein and the status of all said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by a certified public accountant and shall mail upon request, and make available generally, the report of said certified public accountant or a summary thereof to any Holder or Holders of Bonds and shall file said report with the Authority and HUD.

Section 6.15. Operating Budget. The Board shall annually, at least thirty (30) days preceding the beginning of each fiscal year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year. No expenditures for the operation and maintenance of the System shall be made in any fiscal year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have unanimously authorized the same. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who shall file his address with the Board and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.16. Mandatory Connections. The mandatory use of the sewer facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare and the economy of the inhabitants 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 and occupant of every lot, parcel and tract of land that abuts on a street, alley or other public way in which any sewer line, main or

facility is located, or which is located within a reasonable distance thereof, not exceeding 300 feet, and is reasonably accessible thereto, and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewage lines of such building or structure with the facilities of the System if sewage will flow by gravity from such building or structure into the facilities of the System and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of the sewer facilities.

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No material modification or amendment hereof or of any resolution amendatory hereof or supplemental hereto that would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the Holders of two-thirds (2/3) or more in principal amount of the Bonds then outstanding; provided, however, 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 revenues of the System without the consent of the Holder thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 7.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision hereof shall be held invalid, such invalidity shall not affect any of the remaining provisions hereof.

Section 7.03. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, in conflict herewith are to the extent of such conflict repealed.

Section 7.04. 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 final enactment and passage hereof 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, the Secretary and members of the Board were at all times when any actions in connection herewith occurred, and are, duly in office and duly qualified for such offices.

Section 7.05. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds and coupons the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and herein, then the pledge of any revenues, and other moneys and securities pledged hereby and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or coupons or interest installments for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the paying agent at the same or earlier time, shall be sufficient, to pay as and when due the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds and all coupons appertaining to such Bonds shall prior to the maturity thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission 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 Commission at the same time, shall be sufficient, to pay when due the principal of and interest due and to become due on the Bonds on and prior to the maturity dates thereof as the case may be. Neither securities or moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bond; provided that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on said Bonds on and prior to such maturity dates

thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only obligations of, or obligations guaranteed by, the United States of America.

Section 7.06. Restrictions as to Arbitrage Bonds. 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 to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, and the Chairman of the Board shall deliver his certificate, based upon this covenant, with regard thereto to the Authority.

Section 7.07. Effective Date. This Bond Legislation shall take effect upon passage, in the manner prescribed by law; provided, however, that the Bonds shall not be delivered to the Authority until the West Virginia Public Service Commission has given its approval of the sale of the Bonds thereto.

Dated this 7th day of August, 1980.

Certified a True Copy.

[SEAL]

By _____
Secretary

Series 1984 A repaid with Series 2001 A

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1984 A and Series 1984 B

RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND SALE PRICE OF THE SEWER REVENUE BONDS, SERIES 1984, OF HUTTONSVILLE PUBLIC SERVICE DISTRICT; CHANGING SERIES DESIGNATION; AUTHORIZING ISSUANCE OF SUCH BONDS IN TWO SEPARATE SERIES AND AMENDING, AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, Huttonsville Public Service District (the "Issuer") is a public service district of the State of West Virginia, the governing body of which is its public service board (the "Governing Body"); and

WHEREAS, the Governing Body has duly and officially adopted on August 7,1980, a Resolution (the "Bond and Notes Resolution") entitled:

A RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN SEWAGE FACILITIES OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT, RANDOLPH COUNTY, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $500,000 IN PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1980, AND BOND ANTICIPATION NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS AND NOTES; AUTHORIZING THE SALE OF SUCH BONDS AND NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO THE TERMS OF A LOAN AGREEMENT BETWEEN THE DISTRICT AND SAID AUTHORITY AND ADOPTING OTHER PROVISIONS RELATING THERETO.

providing for the issuance of Sewer Revenue Bonds, Series 1980, of the Issuer in the principal amount not to exceed $500,000 (the "1980 Bonds), and providing for the issuance of Sewerage System Bond Anticipation Notes of the Issuer (the "BAN") in the aggregate

principal amount of $426,000, all in accordance with West Virginia Code, Chapter 16, Article 13A (the "Act") and the Issuer has, on August 7, 1980, September 10, 1981, June 7, 1982, and June 24, 1982, adopted Resolutions supplementing and amending the Bond and Notes Resolution (such supplemental and amendatory Resolutions, together with the Bond and Notes Resolution, and this Supplemental Resolution collectively called herein the "Bond Legislation") and in the Bond and Notes Resolution it is provided that the actual principal amount, maturity date, interest rate, interest payment dates, sale price and other provisions relating to the 1980 Bonds should be established by a Supplemental Resolution;

WHEREAS, in order for the 1980 Bonds to be sold by the Issuer to West Virginia Water Development Authority ("WDA") pursuant to the Bond Legislation, it is necessary for such bond issue to be issued in two series, one subordinate to the other, for the series designation to be changed from "Series 1980" to "Series 1984," for the principal amount of the Bonds to be increased as set forth herein, and for such other changes in the proposed issue as are set forth in a Loan Agreement, dated ~~August 7, 1980~~, as amended hereby (the "Loan Agreement"), heretofore entered into by and between the Issuer and WDA, to be made; and June 7, 1982

WHEREAS, the Governing Body deems it essential and desirable that this Resolution (the "Bond Resolution") be adopted and that the Loan Agreement be amended, authorized, approved and ratified by the Issuer, that the denominations, principal amounts, prices, maturity dates, interest rates, interest payment dates and series designation of the 1980 Bonds be fixed hereby in the manner stated herein and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond and Notes Resolution and the Act, this Bond Resolution is adopted and the bonds heretofore authorized as "Series 1980 Bonds" shall be redesignated as "Series 1984 A Bonds" and "Series 1984 B Bonds" (collectively the "Bonds"). Accordingly, there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1984 A (the "Series 1984 A Bonds") of the Issuer in the aggregate principal amount of Three Hundred Eighty Thousand Dollars ($380,000), and the Sewer Revenue Bonds, Series 1984 B (the "Series 1984 B Bonds"), of the Issuer in the aggregate principal amount of One Hundred Forty-Four Thousand Eighty-Nine Dollars ($144,089).

The Series 1984 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rates, payable on the respective principal installments on April 1 and October 1 of the years and shall have principal installments payable on October 1 of such years and in such amounts as are set forth in "Schedule X" to the Loan Agreement, which Loan Agreement and said Schedule X are attached hereto as a part hereof and fully incorporated herein.

The Series 1984 B Bonds shall be dated the date of delivery thereof, shall not bear interest and shall have principal installments payable on October 1, of such years and in such amounts as are set forth in said Schedule X.

Section 2. The Issuer hereby directs the Bonds to be sold to WDA and does hereby authorize, approve and ratify the Loan Agreement, as amended hereby, and the execution and delivery thereof, a copy of which is incorporated herein by reference. The purchase price of the Series 1984 A and Series 1984 B Bonds, pursuant to the Loan Agreement shall be $310,911 (81.82%) and $144,089 (100%), respectively.

Section 3. The Bonds shall be secured in the manner and payable solely from the Net Revenues derived from operation of the System (as defined in the Bond and Notes Resolution). The Series 1984 B Bonds shall be junior and subordinate with respect to sources and security for payment to the Series 1984 A Bonds.

The text of the Series 1984 A Bond shall be of substantially the following form, with such omissions, insertions and variations as may be approved by the Chairman as evidenced by his execution thereof:

[Form of Series 1984 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1984 A

No. R-1 $380,000

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district and political subdivision of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Payee"), or its registered assigns (the "Alternate Payee"), the sum of Three Hundred Eighty Thousand Dollars ($380,000), in installments on October 1 of each year, with interest on the outstanding balance hereof at the rates per annum set forth in the Schedule of Payments attached hereto opposite the year in which the installment becomes due.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Payee and payment therefor, and until payment of such installment, and such interest shall be payable on the first day of April and the first day of October in each year, beginning _____, 1984. Both principal of and interest on this Bond are payable to the registered owner hereof in any coin or currency which, on the respective dates of payment of principal and interest, 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, through Kanawha Valley Bank, N.A., Charleston, West Virginia.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities only on or after the date on which all outstanding bonds issued by the West Virginia Water Development Authority (the "Authority") to provide funds for the purchase of this Bond are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its Bond outstanding, (ii) the interest to accrue on the bonds of the Authority so to be redeemed to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any, payable on additional bonds of the

Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on the bonds of the Authority, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding bonds of the Authority.

This Bond is issued to finance a portion of the costs of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes (the "System") in the territory to be served by the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 A of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the public service board of the Issuer on August 7, 1980, as supplemented and amended by resolutions duly adopted by the public service board of the Issuer on August 7, 1980, September 10, 1981, June 7, 1982, June 24, 1982, and _____, 1984 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as defined in the Bond Legislation), which Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose and a statutory mortgage lien pursuant to the Act. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided, and 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 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 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the holders of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing.

This Bond shall be exempt from all taxation by the State of West Virginia and the other taxing bodies of said State.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the cost of the Project described in the Bond Legislation, including payment of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of this Bond.

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by the Chairman of its public service board and its corporate seal to be hereunto affixed and attested by the Secretary of its public service board, all as of the _____ day of _____, 1984.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

SCHEDULE OF PAYMENTS

Year	Principal Installment	Interest Rate

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Interest Payment Rate	Date Paid	Name of Paying Agent Authorized Officer And Title
	$	$	$		

[Form of Assignment]

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

the within Bond of Huttonsville Public Service District, and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books of the said District with full power of substitution in the premises.

Dated:

_____

In the presence of:

_____

The text of the Series 1984 B Bond shall be of substantially the following form, with such omissions, insertions and variations as may be approved by the Chairman as evidenced by his execution thereof:

[Form of Series 1984 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1984 B

No. R-1 $144,089

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT NO. 1, a public service district and political subdivision of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Payee"), or its registered assigns (the "Alternate Payee"), the sum of One Hundred Forty-Four Thousand Eighty-Nine Dollars ($144,089), in _____ equal annual installments of $_____ each, commencing _____, 1984, and continuing on the first day of each _____ thereafter, to and including _____ 1, 20_____, without interest.

The principal payments of this Bond are payable to the registered owner hereof in any coin or currency which, on the respective dates of payment 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, through Kanawha Valley Bank, N.A., Charleston, West Virginia.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities at any time, at the price of the par value hereof or principal installments remaining to be paid, without premium, but only with the written consent of the West Virginia Water Development Authority (the "Authority").

This Bond is issued to finance a portion of the costs of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes (the "System") in the territory to be served by the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 A of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the public service board of the Issuer on August 7, 1980, as supplemented by resolutions duly adopted by the public service board

on August 7, 1980, September 10, 1981, June 7, 1982, June 24, 1982, and _____, 1984 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds may be entitled to be paid and secured prior to this Bond from the funds and revenues and other security provided for this Bond under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as defined in the Bond Legislation) after there has first been paid from said Net Revenues all payments then due and owing on the Series 1984 A Bond herein described, which Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided, and 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 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 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing.

This Bond shall be exempt from all taxation by the State of West Virginia and the other taxing bodies of said State.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment

of the cost of the Project described in the Bond Legislation, including payment of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of this Bond.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BOND, SERIES 1984 A, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by the Chairman of its public service board and its corporate seal to be hereunto affixed and attested by the Secretary of its public service board, all as of the _____ day of _____, 1984.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Name of Paying Agent Authorized Officer And Title
	$	$	

[Form of Assignment]

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

the within Bond of Huttonsville Public Service District, and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books of the said District with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

Section 4. The Issuer does hereby expressly approve and ratify all modifications pertaining to the Bonds, the sources of and security for payment therefor and the establishment of funds as set forth in the Loan Agreement. The System Revenues and application thereof shall be as provided in Article IV of the Bond and Notes Resolution, except that debt service on the Series 1984 B Bonds shall not be paid from System Revenues until and unless, there is first paid by the Issuer:

(a) all reasonable operating expenses of the System;

(b) debt service on the Series 1984 A Bonds;

(c) required deposits into the Reserve Account as provided in the Bond and Notes Resolution; and

(d) required deposits into the Renewal and Replacement Account as provided in the Bond and Notes Resolution.

All other provisions of the Bond and Notes Resolution shall apply equally to the Series 1984 A Bonds and the Series 1984 B Bonds, unless expressly modified in the Loan Agreement or this Bond Resolution.

Section 5. So long as any of the Bonds are outstanding, the Issuer covenants that:

(i) the Bonds shall be secured by the Net Revenues from the System;

(ii) the Series 1984 B Bonds shall be subordinate to the Series 1984 A Bonds as to lien and source of payment.

(iii) the schedule of rates or charges for the services of the System shall be sufficient to provide funds which along with other revenues of the System will pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each year equal to at least 130% of the maximum amount required for debt service on all obligations, including the Series 1984 A Bonds and the Series 1984 B Bonds payable from the revenues of the System;

(iv) the Issuer will complete, operate and maintain the System in good condition;

(v) the System will 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 the Bonds outstanding and are applied for such purpose, or, if such condition cannot be met, only upon receipt of the prior written consent of WDA to such sale;

(vi) the Issuer shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Series 1984 A Bonds except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements financed by such parity bonds, shall not be less than 130% of the maximum debt service in any succeeding year on the Series 1984 A Bonds and parity bonds theretofore and then being issued; provided, however, that additional parity bonds may be issued to complete the Project without regard to the foregoing, and further provided that the Issuer may issue obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Series 1984 B Bonds, with the written consent of the Authority.

(vii) the Issuer will carry such insurance as is customarily carried with respect to works and properties similar to the System;

(viii) the Issuer will not render any free services of the System;

(ix) any bondholder may, be proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the

Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law;

(x) all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(xi) in the event the Issuer owns a waterworks system (the "Water System"), it will, to the full extent permitted by law, discontinue and shut off the services and facilities of the System and the Water System to all delinquent users of services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid, to the extent such action is permitted by law;

(xii) the Issuer will not grant any franchise to provide any services which would compete with the System;

(xiii) the Issuer shall annually cause the records of the System to be audited by a certified public accountant;

(xiv) the Issuer shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xv) to the extent authorized by the laws of the State, prospective users of the System shall be required to connect thereto;

(xvi) except to the extent used to refund notes or other short-term indebtedness issued in anticipation thereof, the proceeds of the Bonds, except for accrued interest, shall be deposited in a construction fund on which the holder of the Bonds shall have a lien until such proceeds are applied to the construction of a water development project; and

(xvii) that the Bond Legislation has been duly enacted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law.

Section 6. The Chairman and the Secretary of the public service board are hereby authorized and directed to execute and deliver the Bonds and such certificates and other documents required or desirable in connection with the issuance and delivery of the Bonds, and to take all other actions required by the Loan Agreement.

Section 7. The Paying Agent for the Bonds is hereby designated to be Kanawha Valley Bank, N.A., a national banking association with principal office in Charleston, West Virginia.

Section 8. The financing of the Project by the Bond issue is in the public interest, serves a public purpose and will promote the health, welfare and safety of the residents of the Issuer.

Section 9. The following amendment to the Loan Agreement is hereby authorized, adopted and approved, and the Secretary is hereby authorized to substitute a corrected page or pages in the Loan Agreement attached hereto, reflecting said amendment: Section 3.5 of the Loan Agreement is hereby amended to delete the existing Section 3.5 in its entirety and substitute therefor the following:

> 3.5 In the event the earnings on that portion of the proceeds of the 1982 Series A Bonds issued to purchase the Local Bonds are not sufficient to pay the interest accruing on said portion of the 1982 Series A Bonds pending issuance and delivery of the Local Bonds, the Governmental Agency agrees to pay to the Authority the amount of such deficiency.

Section 10. The following amendment to the Loan Agreement is hereby authorized, adopted and approved, and the Secretary is hereby authorized to substitute a corrected page or pages in the Loan Agreement attached hereto, reflecting said amendment: Schedule X to the Loan Agreement is hereby amended to delete the existing Schedule X in its entirety and substitute therefor the Schedule X attached hereto, as a part hereof as "Exhibit A" hereto.

The Chairman and Secretary are hereby authorized to execute and deliver such agreement or agreements with the Authority as may be required by the Authority in connection with the amendment set forth herein and in Section 9 hereof.

Section 11. In order to clarify the transfer of obligations and moneys at the Closing for the Series 1984 Bonds, the following transactions will occur, all of which are hereby authorized, adopted and approved, notwithstanding any previous provision of the Bond Legislation to the contrary:

A. Upon closing, the Issuer shall deliver to the Authority:

(1) Its Series 1984 A and Series 1984 B Bonds, fully executed;

(2) A check in the amount of $8,622.57 for payment of "negative arbitrage penalty" incurred by the Issuer in accordance with Section 3.5 of the Loan Agreement; and

(3) By wire transfer to Kanawha Valley Bank, N.A., for deposit in the Note Payment Fund for payment of interest accrued on the BAN, the sum of $8,141.33.

B. Upon closing, the Authority shall deliver to the Issuer:

(1) The sum of $281,911 as partial payment for the 1984 Series A Bond, which sum shall be and hereby is immediately assigned to the Authority for payment of a portion of the BAN.

(2) The sum of $144,089 as full payment for the 1984 Series B Bond, which sum shall be and hereby is immediately assigned to the Authority for payment of a portion of the BAN.

(3) A check in the amount of $29,000 for payment of the balance of the purchase price of the 1984 Series A Bond, all of which shall be applied to "Cost of Works," as defined in the Bond and Notes Resolution.

Section 12. Lynn R. Channell is hereby appointed temporary and acting Chairman of the Public Service Board of the Issuer and is hereby authorized to execute and deliver the Bonds, grant agreements and all other documents relating to the financing of the Project, in the absence of Edgar B. Stalnaker, Chairman.

Section 13. This Supplemental Resolution shall be effective immediately.

Adopted February 27, 1984.

[SEAL]

Lynn R. Channell
Acting Chairman

ATTEST:

Avis Forinash
Secretary

02/24/84
HUTT1-B

SCHEDULE X

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Description of Governmental Agency Bonds

Principal Amount of Local Bonds	$380,000
Purchase Price of Local Bonds	$310,911
Principal Amount and Purchase Price of Supplemental Bonds	$144,089

Interest on Local Bonds payable on April 1 and October 1 in each year beginning with the first semi-annual interest payment date after delivery of Local Bonds to WDA until Local Bonds are paid in full, at coupon interest rate as follows. Principal of Local Bonds and Supplemental Bonds payable on October 1 in each of years as follows:

Year	Coupon Interest Rate of Local Bonds	Principal Amount of Local Bonds	Principal Amount of Supplemental Bonds
1984			$4,002.48
1985			$4,002.48
1986			$4,002.48
1987			$4,002.48
1988			$4,002.48
1989			$4,002.48
1990			$4,002.48
1991			$4,002.48
1992			$4,002.48
1993			$4,002.48
1994	11.70%	$ 5,000	$4,002.48
1995	11.80%	$ 5,000	$4,002.48
1996	11.90%	$ 5,000	$4,002.48
1997	12.00%	$ 5,000	$4,002.48
1998	12.00%	$ 5,000	$4,002.48
1999	12.00%	$ 5,000	
2000	12		
2001			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2018			

RECEIVED
SEP 13 1985
WATER DEVELOPMENT AUTHORITY

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
(304) 348-3612

August 21, 1985

Mr. Edgar B. Stalnaker, Chairman
Huttonsville Public Service District
Post Office Box 65
Mill Creek, West Virginia 26280

Re: Governmental Agency Bonds and Loan Agreement

Gentlemen:

As you know, the West Virginia Water Development Authority (the "Authority") owns two series of sewerage system revenue bonds (the "Governmental Agency Bonds") of Huttonsville Public Service District (the "Governmental Agency"). The Governmental Agency Bonds were purchased by the Authority pursuant to the terms of a loan agreement, dated June 9, 1982, as to the Authority (the "Loan Agreement").

On June 19, 1985, the Authority issued $46,320,000 in aggregate principal amount of West Virginia Water Development Authority Water Development Revenue Bonds (Loan Program), 1985 Series A (the "1985 Series A Bonds"). The proceeds of the 1985 Series A Bonds were used, among other things, to refund prior to maturity the Authority's 1982 Series A Bonds, a portion of the proceeds of which was used to purchase one of the series of the Governmental Agency Bonds. One of the reasons for the advance refunding was to effect modifications in certain of the local covenants required by the resolution pursuant to which the 1982 Series A Bonds were issued. Such modifications generally increased the number of years over which the reserve account may be built up to the reserve account requirement, reduced the debt service coverage requirement in general and reduced the debt service coverage required for the issuance of parity obligations. Accordingly, the Loan Agreement may be amended as follows:

1. Subsection 4.1(a) of the Loan Agreement may be amended to read as follows:

   (a) That the revenues generated from the operation of the System will be used monthly

21C

first to pay operation and maintenance expenses of the System; second, to the extent not otherwise limited by an outstanding local resolution or ordinance, to provide debt service on the Local Bonds, which shall include the establishment of a reserve account for the payment of debt service on the Local Bonds (the "Reserve Account") into which shall be deposited an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or, if the Reserve Account has been so funded (whether by monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement; third, to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues of the System, exclusive of the payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System, or eliminating any deficiencies in the Reserve Account; and fourth, to pay debt service on the Supplemental Bonds or to purchase Local Bonds on the open market, or to redeem Local Bonds, or to pay debt service on obligations junior and subordinate to the Local Bonds (other than the Supplemental Bonds). The gross revenues of the System shall always be used for purposes of the System.

2. Subsection 4.1(b)(iii) of the Loan Agreement may be amended as follows:

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

3. Subsection 4.1(b)(vi) of the Loan Agreement may be amended as follows:

> (vi) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of

> such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date of the Loan Agreement, without regard to the foregoing.

The local act pursuant to which the Local Bonds were issued may also be amended to reflect the above modifications.

Please indicate the Governmental Agency's acceptance of these modifications by executing the copy of this letter attached and returning it, together with a certified copy of the official action of the Governmental Agency accepting such modifications, to the Authority.

Very truly yours,

Edgar N. Henry

EDGAR N. HENRY, P.E.-
DIRECTOR

cc: West Virginia Municipal Bond Commission

Accepted this 12 day of Sept., 1985.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By Edgar B. Stalnaker

Its Chairman

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district created and existing under Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, and a public corporation and political subdivision of the State of West Virginia (the "Governmental Agency").

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act; and

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State of West Virginia to construct, own and operate such a water development project and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds and bond anticipation notes or other short-term indebtedness issued by such Governmental Agency; and

WHEREAS, the United States Environmental Protection Agency (the "EPA") has awarded a "Step III" grant offer pursuant to the provisions of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended, for the construction of a water development project by the Governmental Agency (the "Project") at the location and as more particularly described and set forth in the Application for Loan with attachments and exhibits, dated December 7, 1978, completed by the Governmental Agency and filed with the Authority, as revised and supplemented (the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, the Governmental Agency has also received commitments for such other grants, loans and other financial assistance with respect to such water development project as are described and set forth in Schedule A of the Application; and

WHEREAS, the Authority intends to issue its Water Development Revenue Bonds (Sewage Systems Loan Program), 1982 Series A (the "1982 Series A Bonds"), in accordance with the provisions of the Act and the resolution of the Authority duly adopted on November 29, 1978 (the "Bond Resolution"), as supplemented by a series resolution authorizing the 1982 Series A Bonds, the proceeds of such 1982 Series A Bonds to be used by the Authority to purchase the bonds of certain municipalities and public service districts, including the Governmental Agency, which comply with the requirements established by the Authority, subject, however, to the ability of the Authority to sell the 1982 Series A Bonds and to the extent of the availability of the proceeds of such 1982 Series A Bonds; and

WHEREAS, the Governmental Agency has requested a loan from the Authority to be evidenced by revenue bonds issued by the Governmental Agency and purchased by the Authority, the proceeds of such loan to be used by the Governmental Agency to pay the portion of the cost of the Project which is not paid from the sources stated in the Application or to refund certain bond anticipation notes or other short-term indebtedness issued in anticipation of said revenue bonds and any additional costs of the Project not so paid; and

WHEREAS, the Authority has made all findings required by Section 5 of the Act with respect to the Project and is willing to make said loan to the Governmental Agency, subject to the terms and provisions hereinafter contained;

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

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," and "water development project" have the definitions and meanings ascribed to them in the Act; provided, that "water development project" means only a "wastewater facility," as also defined in the Act.

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

1.3 "Governmental Agency Bonds" means, collectively, the Local Bonds and the Supplemental Bonds, both as hereinafter defined.

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, to evidence the Loan, and which will be purchased by the Authority with a portion of the proceeds of its 1982 Series A Bonds, in accordance with the provisions of this Loan Agreement.

1.6 "Project" means the water development project hereinabove referred to, to be or being constructed by the Governmental Agency with, among other funds, the proceeds of the WDA Loans as hereinafter defined, or with the proceeds of the bond anticipation notes or other short-term indebtedness refunded with the proceeds of the WDA Loans, as hereinafter defined.

1.7 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, to evidence the Supplemental Loan, as hereinafter defined, and which will be purchased by the Authority with funds other than the proceeds of its 1982 Series A Bonds, in accordance with the provisions of this Loan Agreement.

1.8 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds, pursuant to this Loan Agreement.

1.9 "System" means the complete sewage system and works owned by the Governmental Agency and any additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

1.10 "WDA Loans" means, collectively, the Loan and the Supplemental Loan.

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

ARTICLE II

Identification of Project; Ownership of Project; Rights of Access Thereto; Governmental Agency Financing

2.1 The Project undertaken by the Governmental Agency shall generally consist of the acquisition, construction and

installation of the facilities described in the Application constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director) and consistent with the standards set by the West Virginia Water Resources Board for the waters of the State of West Virginia affected thereby.

2.2 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall have such rights of access to the Project site and Project facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the Project pursuant to the pertinent provisions of the Act.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to such mortgage lien or other security interest as is provided for in the statute authorizing the issuance of the Governmental Agency Bonds.

ARTICLE III

Conditions to WDA Loans; Issuance of Governmental Agency Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Authority's issuing and delivering the 1982 Series A Bonds and subject to the requirements of Section 3.4 hereof and to the fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be a date mutually agreed upon by the Authority and the Governmental Agency and which date shall not be prior to one (1) business day before the scheduled maturity of the Governmental Agency's bond anticipation notes or other short-term indebtedness issued in anticipation of the Governmental Agency Bonds, if any (or earlier redeption date thereof if such notes or other short-term indebtedness are in fact called for redemption), nor later than twenty-seven (27) months from the date the 1982 Series A Bonds are delivered to the initial purchasers thereof; provided that, if such Local Bonds are not

delivered on or before the date so mutually agreed upon, the Authority may use monies for the purchase of local bonds of other governmental agencies in accordance with Section 3.4 hereof. Said conditions precedent are as follows:

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Governmental Agency Bonds described in Section 3.2 hereof;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application;

(d) The Governmental Agency shall have obtained all requisite orders of and approvals from the West Virginia Public Service Commission necessary for the issuance of the Governmental Agency Bonds, construction of the Project and imposition of the rates required to comply with the provisions of Subsection 4.1(b)(iii) hereof and shall have taken any other action required for the imposition of such rates;

(e) The Governmental Agency shall have obtained all requisite permits necessary for the construction of the Project from the EPA and the West Virginia Department of Natural Resources;

(f) The Governmental Agency shall have obtained a Step III grant offer from the EPA; and

(g) The Governmental Agency shall have received a certificate, in form and substance satisfactory to the Authority, from the consulting engineer designated by the Authority, regarding the engineering report for the Project.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority and the rules, regulations and procedures promulgated from time to time by EPA, it is hereby agreed that the Authority shall make the WDA Loans to the Governmental Agency and the Governmental Agency shall accept the WDA Loans from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the WDA Loans by purchasing the Governmental Agency Bonds in the principal amount set forth in Schedule X hereto and provide proceeds of not less than $ 557,000, such Governmental Agency Bonds to consist of a mix of Local Bonds and Supplemental Bonds as will result in annual debt service on the Governmental Agency Bonds of not in excess of $~~65,000~~ $65,000.00. The Local Bonds will be

purchased by the Authority at a price of not less than seventy percent (70%) of the principal amount thereof, and the Supplemental Bonds will be purchased by the Authority at a price equal to one hundred percent (100%) of the principal amount thereof, all as more particularly set forth on Schedule X hereto. The Local Bonds and the Supplemental Bonds shall be issued and sold to the Authority simultaneously. The Governmental Agency represents that the proceeds of the Governmental Agency Bonds will, together with the funds from the sources set forth in the Application, including any bond anticipation notes or other short-term indebtedness issued in anticipation of the Governmental Agency Bonds, and any other funds available to the Governmental Agency and approved by the Authority, pay the entire cost of the Project and refund said bond anticipation notes or other short-term indebtedness.

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

3.4 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the sale and the availability of proceeds of the 1982 Series A Bonds at the time the Governmental Agency has fulfilled all of the terms and conditions of this Loan Agreement and to the right of the Authority to make such loans to other governmental agencies as in the aggregate shall permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the 1982 Series A Bonds.

3.5 In the event the earnings on that portion of the proceeds of the 1982 Series A Bonds issued to purchase the Local Bonds are not sufficient to pay the interest accruing on said portion of the 1982 Series A Bonds pending issuance and delivery of the Local Bonds, the Governmental Agency agrees to issue additional Supplemental Bonds in principal amount equal to such deficiency (as determined by the Authority) and sell such additional Supplemental Bonds to the Authority and assign the proceeds thereof to the Authority, which shall use such proceeds to reimburse itself for such deficiency.

ARTICLE IV

Governmental Agency Bonds; Security for WDA Loans; Repayment of WDA Loans; Interest on WDA Loans; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the WDA Loans, authorize

the issuance of and issue the Governmental Agency Bonds pursuant to an official action of the Governmental Agency in accordance with the applicable statute of the State of West Virginia (the "Local Act"), which shall, as adopted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly first to pay operation and maintenance expenses of the System; second, to the extent not otherwise limited by an outstanding local resolution, to provide debt service on the Local Bonds, which shall include the establishment of a reserve account for the payment of the Local Bonds into which shall be deposited an amount equal to 20% of all amounts required to be deposited for debt service until such reserve account equals the maximum amount of principal and interest which will come due on such Local Bonds in any year; third, to create a renewal and replacement, or similar, fund in an amount equal to 2-1/2% of the gross revenues from the System, exclusive of the payments into the reserve account, for the purpose of improving or making emergency repairs or replacements to the System, or eliminating any deficiencies in the aforesaid reserve account; and, fourth, to pay debt service on the Supplemental Bonds or to purchase Local Bonds on the open market, or to redeem Local Bonds, or to pay debt service on obligations junior and subordinate to the Local Bonds (other than the Supplemental Bonds). The gross revenues of the System shall always be used for purposes of the System.

amended 8/21/85

(b) Covenants substantially as follows:

(i) That the Governmental Agency Bonds shall be secured by the net revenues from the System;

(ii) That the Supplemental Bonds shall be subordinate to the Local Bonds as to lien and source of payment.

(iii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which along with other revenues of the System will pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each year equal to at least 130% of the maximum amount required for debt service on all obligations, including the Governmental Agency Bonds, payable from the revenues of the System;

amended 8/21/85

(iv) That the Governmental Agency will complete, operate and maintain the System in good condition;

(v) That 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 Governmental Agency Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(vi) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements financed by such parity bonds, shall not be less than 130% of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued; provided, however, that additional parity bonds may be issued to complete the Project without regard to the foregoing; amended 8/21/1985

(vii) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

(x) That all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(xi) That, in the event the Governmental Agency owns a waterworks system (the "Water System"), it will, to the full extent permitted by law, discontinue and shut off the services and facilities of the System and the Water System to all delinquent users of services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid;

(xii) That the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xiii) That the Governmental Agency shall annually cause the records of the System to be audited by a certified public accountant;

(xiv) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xv) That, to the extent authorized by the laws of the State, prospective users of the System shall be required to connect thereto;

(xvi) That, except to the extend used to refund notes or other short-term indebtedness issued in anticipation thereof, the proceeds of Governmental Agency Bonds, except for accrued interest, must be deposited in a construction fund on which the holder of the Government Agency Bonds shall have a lien until such proceeds are applied to the construction of a water development project.

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

4.2 The WDA Loans shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of all the fees, charges and other revenues of the Governmental Agency from the System remaining after the payment of operation and maintenance expenses and as otherwise provided in the Local Act, subject only to such reservations and exceptions as are described in Schedule X hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the WDA Loans shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto, and interest payments on the Loan shall be made by the Governmental Agency on a semi-annual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds, at a coupon rate or rates per annum which shall be equal to the coupon rate or

rates per annum borne by the 1982 Series A Bonds for corresponding maturities issued to provide the funds to make the Loan; provided, however, that in no event shall the coupon interest rate or the interest cost exceed any statutory limitation with regard to the issuance of the Local Bonds. The Supplemental Loan will not bear interest.

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the administrative expenses (based on the percentage of the Governmental Agency's Local Bonds to all other local bonds purchased by the Authority and then outstanding) of the Authority relating to all loans to be made by the Authority to governmental agencies with the proceeds of the 1982 Series A Bonds. Such administrative expenses shall be as determined by the Authority and shall include without limitation program expenses and fees paid to the trustee and paying agents for such revenue bonds.

4.7 As long as the Authority is the registered owner of all of the Governmental Agency Bonds outstanding, the Governmental Agency will not redeem such Governmental Agency Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the Authority's 1982 Series A Bonds and the redemption premium payable on the 1982 Series A Bonds redeemable as a consequence of such redemption of Local Bonds. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding its 1982 Series A Bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

Acquisition of Site of Eligible Project; Certain Construction Requirements

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

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

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

5.4 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workmen's compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

ARTICLE VI

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

6.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the WDA Loans, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, of which the Project constitutes a whole or a part, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(iii) hereof.

6.2 In the event the Governmental Agency defaults in the payment of any of said fees and charges to the Authority, the amount of such default shall bear interest at the coupon rate of the Local Bonds, from the date of the default until the date of the payment thereof.

6.3 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Governmental Agency Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act.

6.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to directly impose, enforce and collect charges upon users of the System of which the Project constitutes a whole or a part.

ARTICLE VII

Other Agreements of the Governmental Agency

7.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act,

vesting in the Authority certain powers, rights and privileges in respect of water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should in futuro have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

7.2 To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for Federal financial assistance for pollution abatement in order to maximize the amounts of such Federal financial assistance received or to be received for all water development projects in the State of West Virginia.

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

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

7.5 The Governmental Agency hereby covenants that, to the extent the proceeds of the Governmental Agency Bonds are used to refund notes or other short-term indebtedness of the Governmental Agency issued in anticipation of the issuance of the Governmental Agency Bonds (the "refunding proceeds"), the yield to the Governmental Agency upon any investment of the refunding proceeds shall be restricted and may in no event exceed the yield on the Governmental Agency Bonds. "Yield" shall be calculated in the manner provided in Treasury Regulations §§ 1.103-13 and 1.103-14.

ARTICLE VIII

Maintenance and Operation

8.1 The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards established by the West Virginia Department of Natural Resources and EPA. The Governmental Agency agrees that qualified operating personnel properly certified by the State of West Virginia will be retained to operate the Project during the entire term of this Loan Agreement.

8.2 The Governmental Agency agrees that it will permit the Authority and EPA and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project and commencement of operation thereof.

ARTICLE IX

Miscellaneous

9.1 Schedule X shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act.

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

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

9.4 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different

section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

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

9.6 The Governmental Agency hereby agrees to cooperate with the Authority in amending this Loan Agreement as required by the terms of sale of the 1982 Series A Bonds: provided, that the maximum annual debt service set forth in Section 3.2 shall not be increased by more than five percent (5%).

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Loan Agreement shall not be binding on the Authority until executed by it.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

(SEAL)

By Keith Halsberry

Its Chairman

Attest:

Date: June 7, 1982

Iris Jorinash

Its Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By Edgar N. Henry

Its Director

Attest:

Date: June 9, 1982

Daniel B. Yonkosky

Its Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to _____ (the "Governmental Agency"), a public service district and a public corporation and political subdivision of the State of West Virginia, created and existing under Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement (the "Loan Agreement"), dated _____, 19__, between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of two separate series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Governmental Agency Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The series of Governmental Agency Bonds described in the Loan Agreement as Local Bonds is in the principal amount of $_____, issued in the form of one bond registered as to principal and interest to the Authority, interest payable April 1 and October 1 of each year, beginning _____, 19__, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

Year	Installment	Interest Rate

The series of Governmental Agency Bonds described in the Loan Agreement as the Supplemental Bonds is in the principal amount of $_____, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, as follows:

Year Installment

The Governmental Agency Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A, of the West Virginia Code of 1931, as amended (the "Code Provision"), under which the Governmental Agency Bonds are issued and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Governmental Agency Bonds have been authorized by a bond resolution (the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Governmental Agency Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing public service district and political subdivison of the State of West Virginia, with full power and authority to construct, acquire, operate and maintain the project referred to in the Loan Agreement and to issue and sell the Governmental Agency Bonds, all under the Code Provision and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Governmental Agency Bonds.

5. The Governmental Agency Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the system referred to in the Local Act and secured by a lien on and pledge of the net revenues of the system referred to in the Local Act, all in accordance with the terms of the Local Bond and the Local Act, and have been duly issued and delivered to the Authority.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Local Bond, as provided in the Local Act.

7. The Governmental Agency Bonds are, by statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and under the laws, regulations, rulings and decisions of the United States of America, as presently written and applied, the interest on the Local Bond is exempt from Federal income taxation.

No opinion is given herein as to the enforceability of remedies with respect to the Governmental Agency Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

We have examined executed Local Bond numbered R-1 and Supplemental Bond numbered S-1, and in our opinion the form of said bonds and their execution are regular and proper.

Very truly yours,

SCHEDULE X

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Description of Governmental Agency Bonds

Principal Amount of Local Bonds	$500,000
Purchase Price of Local Bonds	$422,500
Principal Amount and Purchase Price of Supplemental Bonds	$145,508

Interest on Local Bonds payable on April 1 and October 1 in each year beginning with the first semi-annual interest payment date after delivery of Local Bonds to WDA until Local Bonds are paid in full, at coupon interest rate as follows. Principal of Local Bonds and Supplemental Bonds payable on October 1 in each of years as follows:

Year	Coupon Interest Rate of Local Bonds	Principal Amount of Local Bonds	Principal Amount of Supplemental Bonds
1983			$3,932.65
1984			$3,932.65
1985			$3,932.65
1986			$3,932.65
1987			$3,932.65
1988			$3,932.65
1989			$3,932.65
1990			$3,932.65
1991	11.25%	$ 5,000	$3,932.65
1992	11.50%	$ 5,000	$3,932.65
1993	11.60%	$ 5,000	$3,932.65
1994	11.70%	$ 5,000	$3,932.65
1995	11.80%	$ 5,000	$3,932.65
1996	11.90%	$ 5,000	$3,932.65
1997	12.00%	$ 5,000	$3,932.65
1998	12.00%	$ 5,000	$3,932.65
1999	12.00%	$ 5,000	$3,932.65
2000	12.00%	$ 5,000	$3,932.65
2001	12.00%	$ 5,000	$3,932.65
2002	12.00%	$10,000	$3,932.65
2003	12.00%	$10,000	$3,932.65
2004	12.00%	$10,000	$3,932.65
2005	12.00%	$10,000	$3,932.65
2006	12.00%	$15,000	$3,932.65
2007	12.00%	$15,000	$3,932.65
2008	12.00%	$15,000	$3,932.65
2009	12.00%	$20,000	$3,932.65
2010	12.00%	$20,000	$3,932.65
2011	12.00%	$25,000	$3,932.65
2012	12.00%	$25,000	$3,932.65
2013	10.00%	$30,000	$3,932.65
2014	10.00%	$30,000	$3,932.65
2015	10.00%	$35,000	$3,932.65
2016	10.00%	$40,000	$3,932.65
2017	10.00%	$40,000	$3,932.65
2018	10.00%	$45,000	$3,932.65
2019	10.00%	$50,000	$3,932.65

Principal Amount of outstanding indebtedness as of June 1, 1982:

$0

SCHEDULE X

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Description of Governmental Agency Bonds

Principal Amount of Local Bonds	$380,000
Purchase Price of Local Bonds	$310,911
Principal Amount and Purchase Price of Supplemental Bonds	$144,089

Interest on Local Bonds payable on April 1 and October 1 in each year beginning with the first semi-annual interest payment date after delivery of Local Bonds to WDA until Local Bonds are paid in full, at coupon interest rate as follows. Principal of Local Bonds and Supplemental Bonds payable on October 1 in each of years as follows:

Year	Coupon Interest Rate of Local Bonds	Principal Amount of Local Bonds	Principal Amount of Supplemental Bonds
1984			$4,002.48
1985			$4,002.48
1986			$4,002.48
1987			$4,002.48
1988			$4,002.48
1989			$4,002.48
1990			$4,002.48
1991			$4,002.48
1992			$4,002.48
1993			$4,002.48
1994	11.70%	$ 5,000	$4,002.48
1995	11.80%	$ 5,000	$4,002.48
1996	11.90%	$ 5,000	$4,002.48
1997	12.00%	$ 5,000	$4,002.48
1998	12.00%	$ 5,000	$4,002.48
1999	12.00%	$ 5,000	$4,002.48
2000	12.00%	$ 5,000	$4,002.48
2001	12.00%	$ 5,000	$4,002.48
2002	12.00%	$ 5,000	$4,002.48
2003	12.00%	$ 5,000	$4,002.48
2004	12.00%	$10,000	$4,002.48
2005	12.00%	$10,000	$4,002.48
2006	12.00%	$10,000	$4,002.48
2007	12.00%	$10,000	$4,002.48
2008	12.00%	$15,000	$4,002.48
2009	12.00%	$15,000	$4,002.48
2010	12.00%	$15,000	$4,002.48
2011	12.00%	$20,000	$4,002.48
2012	12.00%	$20,000	$4,002.48
2013	10.00%	$20,000	$4,002.48
2014	10.00%	$25,000	$4,002.48
2015	10.00%	$25,000	$4,002.48
2016	10.00%	$30,000	$4,002.48
2017	10.00%	$30,000	$4,002.48
2018	10.00%	$35,000	$4,002.48
2019	10.00%	$40,000	$4,002.48

Principal Amount of outstanding indebtedness as of June 1, 1982: $0

(SPECIMEN BOND - SERIES 1984 B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1984 B

No. R-1 $144,089

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT NO. 1, a public service district and political subdivision of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Payee"), or its registered assigns (the "Alternate Payee"), the sum of One Hundred Forty-Four Thousand Eighty-Nine Dollars ($144,089), in 36 equal annual installments of $4,002.48 each, commencing October 1, 1984, and continuing on the first day of each October thereafter, to and including October 1, 2019, without interest.

The principal payments of this Bond are payable to the registered owner hereof in any coin or currency which, on the respective dates of payment 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, through Kanawha Valley Bank, N.A., Charleston, West Virginia.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities at any time, at the price of the par value hereof or principal installments remaining to be paid, without premium, but only with the written consent of the West Virginia Water Development Authority (the "Authority").

This Bond is issued to finance a portion of the costs of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes (the "System") in the territory to be served by the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 A of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the public service board of the Issuer on August 7, 1980, as supplemented by resolutions duly adopted by the public service board

on August 7, 1980, September 10, 1981, June 7, 1982, June 24, 1982, and February 27, 1984 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds may be entitled to be paid and secured prior to this Bond from the funds and revenues and other security provided for this Bond under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as defined in the Bond Legislation) after there has first been paid from said Net Revenues all payments then due and owing on the Series 1984 A Bond herein described, which Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided, and 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 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 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing.

This Bond shall be exempt from all taxation by the State of West Virginia and the other taxing bodies of said State.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the cost of the Project described in the Bond Legislation,

including payment of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of this Bond.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BOND, SERIES 1984 A, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by the Chairman of its public service board and its corporate seal to be hereunto affixed and attested by the Secretary of its public service board, all as of the 28th day of February, 1984.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Name of Paying Agent Authorized Officer And Title
	$	$	

ASSIGNMENT

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

the within Bond of Huttonsville Public Service District, and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books of the said District with full power of substitution in the premises.

Dated:

_____

In the presence of:

_____

02/27/84
HUTT1-H

HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

BOND RESOLUTION

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HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1984 A, OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $356,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING AND PAYING COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Huttonsville Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Randolph County of said State.

B. The Issuer presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of its Sewer Revenue Bonds, Series 1984 A, dated February 28, 1984, issued in the original aggregate principal amount of $380,000 (the "Series 1984 A Bonds"); and Sewer Revenue Bonds, Series 1984 B, dated February 28, 1984, issued in the original aggregate principal amount of $144,089 (the "Series 1984 B Bonds").

C. The Issuer is authorized and empowered under the Act to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Series 1984 A Bonds.

D. The registered owner of the Series 1984 A Bonds has consented to the prepayment of the Series 1984 A Bonds and the Issuer is advised that present value debt service savings will be realized as a result of the prepayment and refunding of the Series 1984 A Bonds.

E. The Issuer hereby determines that it would therefore be to the benefit of the Issuer and its residents to prepay and refund the Series 1984 A Bonds in their entirety with proceeds of a series of bonds to be designated "Sewer Refunding Revenue Bonds, Series 2001 A" (the "Series 2001 A Bonds") and other moneys of the Issuer.

F. Davis Trust Company, Elkins, West Virginia (the "Original Purchaser"), has offered to purchase the Series 2001 A Bonds by a commitment letter dated August 6, 2001.

G. The Series 2001 A Bonds shall be issued on a parity with the Series 1984 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Series 1984 B Bonds and the resolutions authorizing the Series 1984 B Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2001 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Series 1984 B Bonds have been met; and (ii) the written consent of the Holders of the Series 1984 B Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1984 B Bonds and to the change of the lien position of the Series 1984 B Bonds from a subordinate bond to a first lien bond. Other than the Series 1984 A Bonds and the Series 1984 B Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year from the operation of the System upon the prepayment and refunding of the Series 1984 A Bonds will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2001 A Bonds and the Series 1984 B 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 relating to authorization of the issuance of the Series 2001 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the refunding 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 2001 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Issuer does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and bonds issued to currently refund any obligation of the Issuer) during the calender year 2001.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001A 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 2001 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein, including the Series 1984 B Bonds.

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 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any temporary Chairperson 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", "Bond Resolution," "Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" or "Registrar" means the bank to be designated as such in the Supplemental Resolution for the Series 2001 A Bonds and any successor thereto.

"Bonds" means, collectively, the Series 2001 A Bonds, the Series 1984 B 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.

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 A Bonds for the proceeds representing the original purchase price thereof.

"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 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.

"Costs" means all those costs now or hereafter permitted by the Act to be financed with the Series 2001 A Bonds, including, without limitation, the costs of refunding the Series 1984 A Bonds, interest accruing or to accrue thereon, redemption premium, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs necessary, desirable or incidental to the issuance of the Series 2001 A Bonds and the refunding of the Series 1984 A Bonds.

"Costs of Issuance and Capital Improvement Fund" means the Costs of Issuance and Capital Improvement Fund established by Section 5.02 hereof.

"Depository Bank" means the bank or banks to be 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.

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means Huttonsville Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County,

West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Series 2001 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System 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 Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest, if any, on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Purchaser" means Davis Trust Company, Elkins, West Virginia, which is expected to be the original purchaser and Registered Owner of the Series 2001 A Bonds.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated (where applicable) 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 bank to be designated as such in the Supplemental Resolution for the Series 2001 A Bonds and any successor thereto.

"Prepayment Agreement" means the Prepayment Agreement to be entered into between the Issuer and the Commission, providing for the payment of the Series 1984 A Bonds, the deposit therein of a portion of the proceeds of the Series 2001 A Bonds, the disposition of moneys in the various funds and accounts of the Series 1984 A Bonds and other matters in connection therewith, the form of which shall be approved by a resolution supplemental hereto.

"Prior Resolution" means, collectively, the resolutions of the Issuer adopted August 7, 1980, September 10, 1981, June 7, 1982, June 24, 1982, and February 27, 1984, authorizing the Series 1984 A Bonds and the Series 1984 B Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"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 or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or 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.

"Redemption Date" means the date fixed for redemption of the Series 1984 A Bonds.

"Redemption Price" means the price at which the Series 1984 A Bonds may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

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

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

"Revenue Fund" means the Revenue Fund established by the Prior Resolution.

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

"Series 1984 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1984 B, dated February 28, 1984, issued in the original aggregate principal amount of $144,089.

"Series 2001 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, authorized by this Resolution.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2001 A Bonds Reserve Requirement" means an amount equal to three monthly payments of principal of and interest on the Series 2001 A Bonds.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2001 A Bonds and the Series 1984 B Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2001 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2001 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Bond Legislation to be set aside and held for the payment of or security for the Series 2001 A Bonds, the Series 1984 B Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Series 2001 A Bonds Reserve Account.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1984 A Bonds Outstanding as of the date of issuance of the Series 2001 A Bonds in the aggregate principal amount of $345,000, are hereby ordered to be prepaid on September 13, 2001, pursuant to the terms of the Prepayment Agreement, and the pledge of Net Revenues in favor of the Holders of the Series 1984 A Bonds imposed by the Prior Resolution, the moneys in the funds and accounts created by the Prior Resolution pledged to payment of the Series 1984 A Bonds, and any other funds pledged by the Prior Resolution to payment of the Series 1984 A Bonds are hereby ordered terminated, discharged and released upon the payment with the Commission, the paying agent of the Series 1984 A Bonds, from the proceeds of the Series 2001 A Bonds and from other moneys available therefor, of the following: (a) if required, an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Series 1984 A Bonds, and (b) an amount sufficient to pay the Redemption Price of the Series 1984 A Bonds on the Redemption Date, all as set forth in the Prepayment Agreement. Contemporaneously with the deposit of the proceeds of the Series 2001 A Bonds with the Commission, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained for the Series 1984 A Bonds shall be released from the lien created by the Prior Resolution and shall be applied as set forth into the Prepayment Agreement or in the Supplemental Resolution.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND DELIVERY OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs necessary to current refund the Series 1984 A Bonds, funding a reserve account for the Series 2001 A Bonds and paying certain costs of issuance of the Series 2001 A Bonds and related costs, or any one or more of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2001 A Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated as "Sewer Refunding Revenue Bonds, Series 2001 A", in an aggregate principal amount of not more than $356,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2001 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Series 2001 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2001 A Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Original Purchaser is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution or herein, the Series 2001 A Bonds shall be issued in the form of a single bond, fully registered to the Original Purchaser, with a debt service schedule attached thereto, representing the aggregate principal amount of the Series 2001 A Bonds. The Series 2001 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Series 2001 A 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 Original Purchaser shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 A Bonds shall be executed in the name of the Issuer by the Chairperson, and the seal of the Issuer shall be affixed thereto

or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2001 A Bonds shall cease to be such officer of the Issuer before the Series 2001 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2001 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 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 2001 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of the Series 2001 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that the Series 2001 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2001 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2001 A Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other

governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month 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 of the Series 2001 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to the Series 1984 B Bonds. Simultaneously with the issuance of the Series 2001 A Bonds, the Series 1984 B Bonds shall advance to a first lien parity position. The payment of debt service of the Series 2001 A Bonds shall be secured by a first lien on the Net Revenues, on a parity with the lien on such Net Revenues in favor of the Holders of the Series 1984 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2001 A Bonds and the Series 1984 B Bonds and to make all other payments provided for in this 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 2001 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 A Bonds to the Original Purchaser upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 A Bonds to the Original Purchaser.

Section 3.10. Form of Bonds. The text of the Series 2001 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BOND, SERIES 2001 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph 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 Davis Trust Company (the "Payee") or registered assigns the sum of _____ DOLLARS ($_____), in monthly installments on the first day of each month, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate of ____% per annum, payable on the first day of each month, commencing _____ 1, _____, provided that, in the event this Bond is determined to be taxable by the Internal Revenue Service, the interest shall be at the rate of _____% per annum.

The principal of and interest on 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 Davis Trust Company, Elkins, West Virginia (the "Paying Agent").

This Bond is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

This Bond is issued (i) to pay, together with other funds of the Issuer, a portion of the costs necessary to current refund the Issuer's Sewer Revenue Bonds, Series 1984 A (the "Series 1984 A Bonds"); (ii) funding a reserve account for this Bond; and (iii) to pay certain costs of issuance of this Bond and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such

bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1984 B, DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Series 1984 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 1984 B Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the Series 2001 A Bonds Reserve Requirement (as defined in the Bond Legislation) and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of refunding the Series 1984 A Bonds and costs of issuance 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. This Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of the State under the Act.

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2001.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2001.

DAVIS TRUST COMPANY, as Registrar

By_____
Its Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2001 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2001 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more that $10,000,000 in aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the 2001 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2001.

ARTICLE IV

(RESERVED)

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

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

(1) Series 1984 B Bonds Sinking Fund (established by the Prior Resolution).

B. The following special funds are hereby created with and shall be held by the Paying Agent separate and apart from all other funds or accounts of the Paying Agent and the Issuer and from each other:

(1) Series 2001 A Bonds Sinking Fund;

(2) Series 2001 A Bonds Reserve Account;

(3) Costs of Issuance and Capital Improvement Fund; and

(4) Rebate Fund.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent for deposit in the Series 2001 A Bonds Sinking Fund, the amount of the interest which will become due on the Series 2001 A Bonds on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1984 B Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 1984 B Bonds; and (ii) remit to the Paying Agent for deposit in the Series 2001 A Bonds Sinking Fund, the amount of principal which will mature and become due on the Series 2001 A Bonds on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent, if not fully funded upon the issuance of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Reserve Account, an amount equal to 1/12th of 1/5th of the Series 2001 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 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 2001 A Bonds Reserve Requirement.

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

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 A Bonds as the same shall become due. Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2001 A Bonds as the same shall become due, when other moneys in the Series 2001 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Any withdrawals from the Series 2001 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2001 A Bonds Reserve Requirement

shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 A Bonds then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1984 B Bonds and the Series 2001 A Bonds in accordance with the respective principal amounts then Outstanding.

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the 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.

D. 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.

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; 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.

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. From the moneys received from the sale of the Series 2001 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall first be deposited with the Commission, the amount set forth in the Prepayment Agreement which, together with other moneys simultaneously deposited therein, shall be sufficient to accomplish the prepayment and refunding of the Series 1984 A Bonds.

B. Next, there shall be deposited with the Paying Agent in the Series 2001A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2001 A Bonds Reserve Account.

C. Next, there shall be deposited with the Paying Agent in the Costs of Issuance and Capital Improvement Fund, the balance of the proceeds of the Series 2001 A Bonds and any moneys released by the Commission. The Issuer shall first pay all costs of issuance of the Series 2001 A Bonds and miscellaneous costs of refunding for the Series 1984 A Bonds. All costs of issuance shall be paid within 60 days following the Closing Date. The remaining funds shall be applied solely to capital improvements of the System and shall be fully expended within one year from the date of delivery of the Series 2001 A Bonds.

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 2001 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to the Series 1984 B Bonds. Simultaneously with the issuance of the Series 2001 A Bonds, the Series 1984 B Bonds shall advance to a first lien parity position. The payment of debt service of the Series 2001 A Bonds shall be secured by a first lien on the Net Revenues, on a parity with the lien on such Net Revenues in favor of the Holders of the Series 1984 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest and other payments on the Series 2001 A Bonds and the Series 1984 B Bonds and to make the other payments provided for in this 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 this Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Legislation. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered March 17, 1995 (Case No. 94-0618-PSD-19A).

So long as the Series 2001 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation. In the event the schedule of rates and charges initially established for the System in connection with the Series 2001 A Bonds shall prove to be insufficient to produce

the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Series 1984 B 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 Resolution. Additionally, so long as the Series 2001 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be deposited in the respective Sinking Funds and the Issuer shall direct the Paying Agent and the Commission to apply such proceeds to the payment of principal of and interest on the Bonds. Any balance remaining after the payment of the Bonds and interest thereon, shall be remitted to the Issuer by the Paying Agent and the Commission.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with state law. The proceeds of any such sale shall be applied only to the purchase or prepayment of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. The payment of such proceeds into the Renewal and Replacement Fund or the Sinking Funds shall not reduce the amount required to be paid into such funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all 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 other obligations whatsoever payable from 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 2001 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 A Bonds and payable from revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2001 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 A Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 2001 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Series 1984 B Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds payable out of revenues of the System shall be issued after the issuance of the Series 2001 A Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds.

No such Parity Bonds shall be issued except for the purposes of financing the costs of design, acquisition or construction of extensions and improvements to the System or refunding the 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 on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the 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 Resolution (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 2001 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section,

equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Series 2001 A 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. So long as the Series 1984 B Bonds are outstanding, the provisions for record keeping and audits set forth in the Prior Resolution shall be applicable. 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.

Section 7.09. Rates. Prior to the issuance of the Series 2001 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 A Bonds and all other obligations

secured by a lien on or payable from such revenues on a parity with the Series 2001 A Bonds, including the Series 1984 B Bonds; provided that, in the event that an amount equal to the Series 2001 A Bonds Reserve Requirement is on deposit in the Series 2001 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2001 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 A 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. 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 Original Purchaser within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.11. Operating Personnel. The Issuer shall employ qualified operating personnel properly certified by the State so long as the Series 2001 A Bonds are outstanding.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer shall 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 shall 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 water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will use diligent efforts to enter into a similar termination agreement with the provider of such water, 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 shall not render or cause to be rendered any free services of any nature by the System, or any part thereof, nor shall 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. A. The Issuer hereby covenants and agrees that so long as the Series 2001 A Bonds remain Outstanding, the Issuer shall, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties, or for the other purposes provided herein for the Renewal and Replacement Fund.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR in compliance with State law.

(4) FLOOD INSURANCE, if the System facilities 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 for every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Operation of System; Permits and Orders. The Issuer shall operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West for issuance of the Series 2001 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over 5% of Net Proceeds of the Series 2001 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the project, or if the Series 2001 A Bonds are for the purpose of financing more than one project, a portion of the project, and shall not exceed the proceeds used for the governmental use of that portion of the project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2001 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it so that the interest on the Series 2001 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions, the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2001 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1984 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, the Paying Agent 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 Resolution, 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 and the Paying Agent shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2001 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2001 A Bonds which would cause the Series 2001 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2001 A Bonds) so that the interest on the Series 2001 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2001 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2001 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and the Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Paying Agent shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by the Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and the Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

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 2001 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2001 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or a 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 Series 1984 B Bonds or the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond, 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 this Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of this Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided that, all rights and remedies of the Holders of the Series 2001 A Bonds shall be on a parity with the Holders of the Series 1984 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Bond Legislation and the Act, including, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of

a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2001 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner set forth in the Bonds and/or this Bond Legislation, then this Bond Legislation and the pledges 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 2001 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2001 A Bonds for 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 2001 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 2001 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of this 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 2001 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders and resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Series 1984 B Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to

be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall be effective immediately following adoption hereof.

Adopted this 12th day of September, 2001.

Chairperson and Member

Member

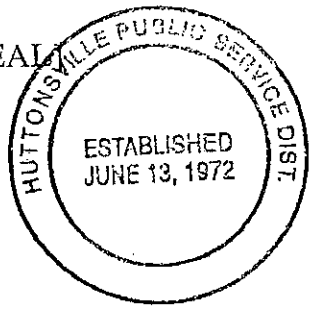
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HUTTONSVILLE PUBLIC SERVICE DISTRICT on the 12th day of September, 2001.

Dated this 13th day of September, 2001.

[SEAL]



Secretary

09/10/01
000630/00304

HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT SEWER REFUNDING REVENUE BONDS, SERIES 2001 A; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO DAVIS TRUST COMPANY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE PREPAYMENT AGREEMENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Huttonsville Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on September 12, 2001 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1984 A, OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $356,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING AND PAYING COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the refunding of the Issuer's Sewer Revenue Bonds, Series 1984 A, dated February 28, 1984 (the "Series 1984 A Bonds"), and the issuance of the Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, in an aggregate principal amount not to exceed $356,000 (the "Series 2001 A Bonds" or the "Bonds"), for the purposes of paying a portion of the costs of such refunding, funding a reserve account for the Series 2001 A Bonds and paying the costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by Davis Trust Company, Elkins, West Virginia (the "Original Purchaser"), pursuant to a commitment letter dated August 6, 2001; and

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted, that the Prepayment Agreement be approved, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $356,000. The Bonds shall be dated the date of delivery, shall finally mature October 1, 2019, and shall bear interest at the rate of 6% per annum, provided that, in the event the Bonds are determined to be taxable by the Internal Revenue Service, the interest shall be at the rate of 9% per annum. The interest on the Bonds shall be payable monthly on the first day of each month, commencing October 1, 2001, and the principal of the Bonds shall be payable monthly on the first day of each month, commencing November 1, 2001, in the amounts set forth in the "Debt Service Schedule" incorporated in and made a part of the Bonds. The Bonds shall be subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

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

Section 3. The Issuer hereby approves and accepts the Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission (the "Commission"), the paying agent for the Series 1984 A Bonds, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairperson thereof shall be and the same are hereby authorized, approved and directed.

Section 4. The Issuer hereby appoints and designates Davis Trust Company, Elkins, West Virginia, to serve as Registrar (the "Registrar") and Paying Agent (the"Paying Agent") for the Bonds under the Resolution and approves and accepts the Registrar and Paying Agent Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar and Paying Agent, and the execution and delivery of the Registrar and Paying Agent Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates Mountain Valley Bank, Mill Creek, West Virginia, to serve as Depository Bank under the Resolution.

Section 6. The Issuer hereby approves and accepts the offer of Davis Trust Company, Elkins, West Virginia, to purchase the Bonds at a purchase price of $356,000 (100% of par value), there being no interest accrued thereon.

Section 7. The Issuer hereby appoints and designates Ferris, Baker Watts, Inc., Charleston West Virginia, to provide certain financial services for the Issuer, in connection with the refunding of the Series 1984 A Bonds and the issuance of the Bonds.

Section 8. The proceeds of the Bonds in the amount of $340,312.76 shall be deposited with the Commission, together with other moneys of the Issuer in the Series 1984 A Bonds Sinking Fund and the Series 1984 A Bonds Reserve Account in the amount of $70,937.24, to accomplish the prepayment and refunding of the Series 1984 A Bonds.

Section 9. The proceeds of the Bonds in the amount of $2,687.24 shall be deposited with the Paying Agent in the Series 2001 A Bonds Reserve Account.

Section 10. The remaining proceeds of the Bonds in the amount of $13,000 shall be deposited with the Paying Agent in the Costs of Issuance and Capital Improvement Fund for payment of the costs of issuance of the Bonds and capital improvements of the System. All costs of issuance shall be paid within 60 days from the date of delivery of the Bonds. The remaining proceeds of the Bonds, including any moneys released by the

Commission, shall be applied solely to capital improvements of the System and shall be fully expended within one year from the date of delivery of the Bonds.

Section 11. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 12. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Original Purchaser on or about September 13, 2001.

Section 13. The prepayment and refunding of the Series 1984 A Bonds and the financing thereof in part with proceeds of the Bonds will result in present value debt service savings for the Issuer, are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer 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 or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations to be promulgated thereunder.

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

Adopted this 12th day of September, 2001.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Huttonsville Public Service District on the 12th day of September, 2001.

Dated this 13th day of September, 2001.

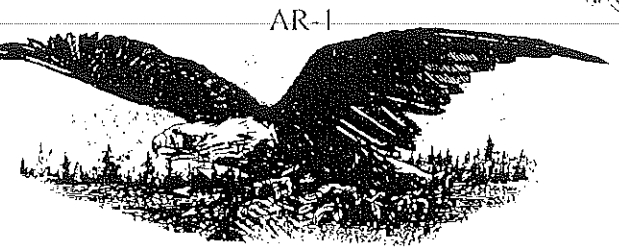
[SEAL]

Secretary

09/10/01
000630/00304

NUMBER

AR-1



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BOND, SERIES 2001 A

No. AR-1 $356,000

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph 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 Davis Trust Company (the "Payee") or registered assigns the sum of THREE HUNDRED FIFTY SIX THOUSAND DOLLARS ($356,000), in monthly installments on the first day of each month, commencing November 1, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate of 6% per annum, payable on the first day of each month, commencing October 1, 2001, provided that, in the event this Bond is determined to be taxable by the Internal Revenue Service, the interest shall be at the rate of 9% per annum.

The principal of and interest on 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 Davis Trust Company, Elkins, West Virginia (the "Paying Agent").

This Bond is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

This Bond is issued (i) to pay, together with other funds of the Issuer, a portion of the costs necessary to current refund the Issuer's Sewer Revenue Bonds, Series 1984 A (the "Series 1984 A Bonds"); (ii) funding a reserve account for this Bond; and (iii) to pay certain costs of issuance of this Bond and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the

"Act"), a Bond Resolution duly adopted by the Issuer on September 12, 2001, and a Supplemental Resolution duly adopted by the Issuer on September 12, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1984 B, DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Series 1984 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 1984 B Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the Series 2001 A Bonds Reserve Requirement (as defined in the Bond Legislation) and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of refunding the Series 1984 A Bonds and costs of issuance 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. This Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of the State under the Act.

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated September 13, 2001.

[SEAL]

Chairperson

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: September 13, 2001.

DAVIS TRUST COMPANY, as Registrar

By _____
Its Authorized Officer

AR-1

Hullonsville Public Service District (West Virginia)

Sewer Refunding Revenue Bonds, Series 2001 A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P & I
10/01/01		6.00%	1,068.00	1,068.00 ✓ Reserve Fund
11/01/01	919.06	6.00%	1,780.00	2,699.06 ✓ + 337.38
12/01/01	923.66	6.00%	1,775.40	2,699.06 ✓ + 337.38
01/01/02	928.27	6.00%	1,770.79	2,699.06 ✓ + 337.38
02/01/02	932.91	6.00%	1,766.15	2,699.06 ✓ + 337.38
03/01/02	937.58	6.00%	1,761.48	2,699.06 ✓ + 337.38
04/01/02	942.27	6.00%	1,756.79	2,699.06 ✓ + 337.38
05/01/02	946.98	6.00%	1,752.08	2,699.06 ✓ + 337.38
06/01/02	951.71	6.00%	1,747.35	2,699.06 ✓ + 337.38
07/01/02	956.47	6.00%	1,742.59	2,699.06 ✓ + 337.38
08/01/02	961.25	6.00%	1,737.81	2,699.06 ✓ + 337.38
09/01/02	966.06	6.00%	1,733.00	2,699.06 ✓ + 337.38
10/01/02	970.89	6.00%	1,728.17	2,699.06 ✓ + 337.38
11/01/02	975.75	6.00%	1,723.31	2,699.06 ✓ + 337.38
12/01/02	980.62	6.00%	1,718.44	2,699.06
01/01/03	985.53	6.00%	1,713.53	2,699.06
02/01/03	990.46	6.00%	1,708.60	2,699.06
03/01/03	995.41	6.00%	1,703.65	2,699.06
04/01/03	1,000.38	6.00%	1,698.68	2,699.06
05/01/03	1,005.39	6.00%	1,693.67	2,699.06
06/01/03	1,010.41	6.00%	1,688.65	2,699.06
07/01/03	1,015.47	6.00%	1,683.59	2,699.06
08/01/03	1,020.54	6.00%	1,678.52	2,699.06
09/01/03	1,025.65	6.00%	1,673.41	2,699.06
10/01/03	1,030.77	6.00%	1,668.29	2,699.06
11/01/03	1,035.93	6.00%	1,663.13	2,699.06
12/01/03	1,041.11	6.00%	1,657.95	2,699.06
01/01/04	1,046.31	6.00%	1,652.75	2,699.06
02/01/04	1,051.54	6.00%	1,647.52	2,699.06
03/01/04	1,056.80	6.00%	1,642.26	2,699.06
04/01/04	1,062.09	6.00%	1,636.97	2,699.06
05/01/04	1,067.40	6.00%	1,631.66	2,699.06
06/01/04	1,072.73	6.00%	1,626.33	2,699.06
07/01/04	1,078.10	6.00%	1,620.96	2,699.06
08/01/04	1,083.49	6.00%	1,615.57	2,699.06
09/01/04	1,088.90	6.00%	1,610.16	2,699.06
10/01/04	1,094.35	6.00%	1,604.71	2,699.06
11/01/04	1,099.82	6.00%	1,599.24	2,699.06
12/01/04	1,105.32	6.00%	1,593.74	2,699.06
01/01/05	1,110.85	6.00%	1,588.21	2,699.06
02/01/05	1,116.40	6.00%	1,582.66	2,699.06
03/01/05	1,121.98	6.00%	1,577.08	2,699.06
04/01/05	1,127.59	6.00%	1,571.47	2,699.06
05/01/05	1,133.23	6.00%	1,565.83	2,699.06
06/01/05	1,138.90	6.00%	1,560.16	2,699.06

Huttonsville Public Service District (West Virginia)
Sewer Refunding Revenue Bonds, Series 2001A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P & I
07/01/05	1,144.59	6.00%	1,554.47	2,699.06
08/01/05	1,150.31	6.00%	1,548.75	2,699.06
09/01/05	1,156.07	6.00%	1,542.99	2,699.06
10/01/05	1,161.85	6.00%	1,537.21	2,699.06
11/01/05	1,167.66	6.00%	1,531.40	2,699.06
12/01/05	1,173.49	6.00%	1,525.57	2,699.06
01/01/06	1,179.36	6.00%	1,519.70	2,699.06
02/01/06	1,185.26	6.00%	1,513.80	2,699.06
03/01/06	1,191.18	6.00%	1,507.88	2,699.06
04/01/06	1,197.14	6.00%	1,501.92	2,699.06
05/01/06	1,203.53	6.00%	1,495.53	2,699.06
06/01/06	1,209.14	6.00%	1,489.92	2,699.06
07/01/06	1,215.19	6.00%	1,483.87	2,699.06
08/01/06	1,221.27	6.00%	1,477.79	2,699.06
09/01/06	1,227.37	6.00%	1,471.69	2,699.06
10/01/06	1,233.51	6.00%	1,465.55	2,699.06
11/01/06	1,239.68	6.00%	1,459.38	2,699.06
12/01/06	1,245.87	6.00%	1,453.19	2,699.06
01/01/07	1,252.10	6.00%	1,446.96	2,699.06
02/01/07	1,258.36	6.00%	1,440.70	2,699.06
03/01/07	1,264.66	6.00%	1,434.40	2,699.06
04/01/07	1,270.98	6.00%	1,428.08	2,699.06
05/01/07	1,277.33	6.00%	1,421.73	2,699.06
06/01/07	1,283.72	6.00%	1,415.34	2,699.06
07/01/07	1,290.14	6.00%	1,408.92	2,699.06
08/01/07	1,296.59	6.00%	1,402.47	2,699.06
09/01/07	1,303.07	6.00%	1,395.99	2,699.06
10/01/07	1,309.59	6.00%	1,389.47	2,699.06
11/01/07	1,316.14	6.00%	1,382.92	2,699.06
12/01/07	1,322.72	6.00%	1,376.34	2,699.06
01/01/08	1,329.33	6.00%	1,369.73	2,699.06
02/01/08	1,335.98	6.00%	1,363.08	2,699.06
03/01/08	1,342.66	6.00%	1,356.40	2,699.06
04/01/08	1,349.37	6.00%	1,349.69	2,699.06
05/01/08	1,356.12	6.00%	1,342.94	2,699.06
06/01/08	1,362.90	6.00%	1,336.16	2,699.06
07/01/08	1,369.71	6.00%	1,329.35	2,699.06
08/01/08	1,376.56	6.00%	1,322.50	2,699.06
09/01/08	1,383.44	6.00%	1,315.62	2,699.06
10/01/08	1,390.36	6.00%	1,308.70	2,699.06
11/01/08	1,397.31	6.00%	1,301.75	2,699.06
12/01/08	1,404.30	6.00%	1,294.76	2,699.06
01/01/09	1,411.32	6.00%	1,287.74	2,699.06
02/01/09	1,418.38	6.00%	1,280.68	2,699.06
03/01/09	1,425.47	6.00%	1,273.59	2,699.06

NUMBER

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Huntonsville Public Service District (West Virginia)
Sewer Refunding Revenue Bonds, Series 2001A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P & I
04/01/09	1,432.60	6.00%	1,266.46	2,699.06
05/01/09	1,439.76	6.00%	1,259.30	2,699.06
06/01/09	1,446.96	6.00%	1,252.10	2,699.06
07/01/09	1,454.19	6.00%	1,244.87	2,699.06
08/01/09	1,461.46	6.00%	1,237.60	2,699.06
09/01/09	1,468.77	6.00%	1,230.29	2,699.06
10/01/09	1,476.12	6.00%	1,222.94	2,699.06
11/01/09	1,483.50	6.00%	1,215.56	2,699.06
12/01/09	1,490.91	6.00%	1,208.15	2,699.06
01/01/10	1,498.37	6.00%	1,200.69	2,699.06
02/01/10	1,505.86	6.00%	1,193.20	2,699.06
03/01/10	1,513.39	6.00%	1,185.67	2,699.06
04/01/10	1,520.96	6.00%	1,178.10	2,699.06
05/01/10	1,528.56	6.00%	1,170.50	2,699.06
06/01/10	1,536.20	6.00%	1,162.86	2,699.06
07/01/10	1,543.89	6.00%	1,155.17	2,699.06
08/01/10	1,551.60	6.00%	1,147.46	2,699.06
09/01/10	1,559.36	6.00%	1,139.70	2,699.06
10/01/10	1,567.16	6.00%	1,131.90	2,699.06
11/01/10	1,575.00	6.00%	1,124.06	2,699.06
12/01/10	1,582.87	6.00%	1,116.19	2,699.06
01/01/11	1,590.78	6.00%	1,108.28	2,699.06
02/01/11	1,598.74	6.00%	1,100.32	2,699.06
03/01/11	1,606.73	6.00%	1,092.33	2,699.06
04/01/11	1,614.77	6.00%	1,084.29	2,699.06
05/01/11	1,622.84	6.00%	1,076.22	2,699.06
06/01/11	1,630.95	6.00%	1,068.11	2,699.06
07/01/11	1,639.11	6.00%	1,059.95	2,699.06
08/01/11	1,647.30	6.00%	1,051.76	2,699.06
09/01/11	1,655.54	6.00%	1,043.52	2,699.06
10/01/11	1,663.82	6.00%	1,035.24	2,699.06
11/01/11	1,672.14	6.00%	1,026.92	2,699.06
12/01/11	1,680.50	6.00%	1,018.56	2,699.06
01/01/12	1,688.90	6.00%	1,010.16	2,699.06
02/01/12	1,697.35	6.00%	1,001.71	2,699.06
03/01/12	1,705.83	6.00%	993.23	2,699.06
04/01/12	1,714.36	6.00%	984.70	2,699.06
05/01/12	1,722.93	6.00%	976.13	2,699.06
06/01/12	1,731.55	6.00%	967.51	2,699.06
07/01/12	1,740.21	6.00%	958.85	2,699.06
08/01/12	1,748.91	6.00%	950.15	2,699.06
09/01/12	1,757.65	6.00%	941.41	2,699.06
10/01/12	1,766.44	6.00%	932.62	2,699.06
11/01/12	1,775.27	6.00%	923.79	2,699.06
12/01/12	1,784.15	6.00%	914.91	2,699.06

Huttonsville Public Service District (West Virginia)
Sewer Refunding Revenue Bonds, Series 2001 A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P & I
01/01/13	1,793.07	6.00%	905.99	2,699.06
02/01/13	1,802.03	6.00%	897.03	2,699.06
03/01/13	1,811.04	6.00%	888.02	2,699.06
04/01/13	1,820.10	6.00%	878.96	2,699.06
05/01/13	1,829.20	6.00%	869.86	2,699.06
06/01/13	1,838.35	6.00%	860.71	2,699.06
07/01/13	1,847.54	6.00%	851.52	2,699.06
08/01/13	1,856.77	6.00%	842.29	2,699.06
09/01/13	1,866.06	6.00%	833.00	2,699.06
10/01/13	1,875.39	6.00%	823.67	2,699.06
11/01/13	1,884.77	6.00%	814.29	2,699.06
12/01/13	1,894.19	6.00%	804.87	2,699.06
01/01/14	1,903.66	6.00%	795.40	2,699.06
02/01/14	1,913.18	6.00%	785.88	2,699.06
03/01/14	1,922.75	6.00%	776.31	2,699.06
04/01/14	1,932.36	6.00%	766.70	2,699.06
05/01/14	1,942.02	6.00%	757.04	2,699.06
06/01/14	1,951.73	6.00%	747.33	2,699.06
07/01/14	1,961.49	6.00%	737.57	2,699.06
08/01/14	1,971.30	6.00%	727.76	2,699.06
09/01/14	1,981.15	6.00%	717.91	2,699.06
10/01/14	1,991.06	6.00%	708.00	2,699.06
11/01/14	2,001.01	6.00%	698.05	2,699.06
12/01/14	2,011.02	6.00%	688.04	2,699.06
01/01/15	2,021.07	6.00%	677.99	2,699.06
02/01/15	2,031.18	6.00%	667.88	2,699.06
03/01/15	2,041.34	6.00%	657.72	2,699.06
04/01/15	2,051.54	6.00%	647.52	2,699.06
05/01/15	2,061.80	6.00%	637.26	2,699.06
06/01/15	2,072.11	6.00%	626.95	2,699.06
07/01/15	2,082.47	6.00%	616.59	2,699.06
08/01/15	2,092.88	6.00%	606.18	2,699.06
09/01/15	2,103.35	6.00%	595.71	2,699.06
10/01/15	2,113.86	6.00%	585.20	2,699.06
11/01/15	2,124.43	6.00%	574.63	2,699.06
12/01/15	2,135.05	6.00%	564.01	2,699.06
01/01/16	2,145.73	6.00%	553.33	2,699.06
02/01/16	2,156.46	6.00%	542.60	2,699.06
03/01/16	2,167.24	6.00%	531.82	2,699.06
04/01/16	2,178.08	6.00%	520.98	2,699.06
05/01/16	2,188.97	6.00%	510.09	2,699.06
06/01/16	2,199.91	6.00%	499.15	2,699.06
07/01/16	2,210.91	6.00%	488.15	2,699.06
08/01/16	2,221.97	6.00%	477.09	2,699.06
09/01/16	2,233.08	6.00%	465.98	2,699.06

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Huttonsville Public Service District (West Virginia)

Sewer Refunding Revenue Bonds, Series 2001 A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P & I
10/01/16	2,244.24	6.00%	454.82	2,699.06
11/01/16	2,255.46	6.00%	443.60	2,699.06
12/01/16	2,266.74	6.00%	432.32	2,699.06
01/01/17	2,278.07	6.00%	420.99	2,699.06
02/01/17	2,289.46	6.00%	409.60	2,699.06
03/01/17	2,300.91	6.00%	398.15	2,699.06
04/01/17	2,312.42	6.00%	386.64	2,699.06
05/01/17	2,323.98	6.00%	375.08	2,699.06
06/01/17	2,335.60	6.00%	363.46	2,699.06
07/01/17	2,347.28	6.00%	351.78	2,699.06
08/01/17	2,359.01	6.00%	340.05	2,699.06
09/01/17	2,370.78	6.00%	328.28	2,699.06
10/01/17	2,382.66	6.00%	316.40	2,699.06
11/01/17	2,394.57	6.00%	304.49	2,699.06
12/01/17	2,406.55	6.00%	292.51	2,699.06
01/01/18	2,418.58	6.00%	280.48	2,699.06
02/01/18	2,430.67	6.00%	268.39	2,699.06
03/01/18	2,442.83	6.00%	256.23	2,699.06
04/01/18	2,455.04	6.00%	244.02	2,699.06
05/01/18	2,467.32	6.00%	231.74	2,699.06
06/01/18	2,479.65	6.00%	219.41	2,699.06
07/01/18	2,492.05	6.00%	207.01	2,699.06
08/01/18	2,504.51	6.00%	194.55	2,699.06
09/01/18	2,517.03	6.00%	182.03	2,699.06
10/01/18	2,529.62	6.00%	169.44	2,699.06
11/01/18	2,542.27	6.00%	156.79	2,699.06
12/01/18	2,554.98	6.00%	144.08	2,699.06
01/01/19	2,567.75	6.00%	131.31	2,699.06
02/01/19	2,580.59	6.00%	118.47	2,699.06
03/01/19	2,593.49	6.00%	105.57	2,699.06
04/01/19	2,606.46	6.00%	92.60	2,699.06
05/01/19	2,619.49	6.00%	79.57	2,699.06
06/01/19	2,632.59	6.00%	66.47	2,699.06
07/01/19	2,645.75	6.00%	53.31	2,699.06
08/01/19	2,658.98	6.00%	40.08	2,699.06
09/01/19	2,672.28	6.00%	26.78	2,699.06
10/01/19	2,684.00	6.00%	13.42	2,697.42

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:

_____

HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

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HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $3,934,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of

the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Huttonsville Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewer facilities of the Issuer, consisting of the replacement of the old Valley Water collection system and its connection to the Issuer's wastewater treatment plant, and the upgrade and enlargement of the existing treatment plant, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer has heretofore issued its Sewerage System Design Notes, Series 2002 A (West Virginia Infrastructure Fund), dated May 30, 2002, in the original principal amount of $200,000 (the "Notes"), to temporarily finance a portion of the costs of design of the Project. The Notes are secured by a first lien on the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of and all interest and administrative fees on the Notes in full with proceeds of the Series 2003 A Bonds (hereinafter defined) on the date of issuance thereof.

D. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project and the costs of refunding the Notes through the issuance of its revenue bonds to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") and the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Infrastructure Fund administered by the Authority pursuant to the Act.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $4,484,000, in two series

(collectively, the "Series 2003 Bonds"), being the Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $3,934,000 (the "Series 2003 A Bonds"), and the Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), in the aggregate principal amount of not more than $550,000 (the "Series 2003 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project and to pay the Notes in full. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of acquisition and construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, on the Series 2003 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the respective Reserve Account for the Series 2003 Bonds (as hereinafter defined); the costs of refunding the Notes; 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 2003 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2003 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that (i) the Series 2003 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer, and (ii) the Series 2003 B Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined).

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2003 Bonds as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1984 B, dated February 28, 1984, issued in the original principal

amount of $144,089, and the Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original principal amount of $356,000 (collectively, the "Prior Bonds").

The Series 2003 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2003 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owner of the Prior Bonds to the issuance of the Series 2003 Bonds on a parity with the Prior Bonds. Following the refunding of the Notes and other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest, if any, on the Series 2003 Bonds and the Prior Bonds and all funds and accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, the refunding of the Notes and the issuance of the Series 2003 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2003 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2003 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2003 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any

other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2003 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

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

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

"Bonds" means, collectively, the Series 2003 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"Chairperson" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2003 Bonds for all or a portion of the proceeds of the Series 2003 Bonds.

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

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

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

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

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

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

"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" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser and Registered Owner of the Series 2003 B Bonds.

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

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

"Gross Revenues" means the aggregate gross operating and non-operating

revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated April 11, 2000, and all amendments thereto.

"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 2003A 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 2003 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2003 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Notes" means the Issuer's Sewerage System Design Notes, Series 2002 A(West Virginia Infrastructure Fund), dated May 30, 2002, issued in the original aggregate principal amount of $200,000.

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2003 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Sewer Revenue Bonds, Series 1984 B, dated February 28, 1984, issued in the original principal amount of $144,089, and the Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original principal amount of $356,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer adopted August 7, 1980, September 10, 1981, June 7, 1982, June 24, 1982, February 27, 1984, and September 12, 2001, authorizing the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia

Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Resolutions and continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2003 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

"Revenue Fund" means the Revenue Fund created by the Prior Resolutions and continued by Section 5.01 hereof.

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

"Series 2003 Bonds" means, collectively, the Series 2003 A Bonds and the Series 2003 B Bonds.

"Series 2003 Bonds Construction Trust Fund" means the Series 2003 Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2003 A Bonds" means the Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2003 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2003 A Bonds in the then current or any succeeding year.

"Series 2003 A Bonds Sinking Fund" means the Series 2003 A Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2003 B Bonds" means the Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2003 B Bonds Reserve Account" means the Series 2003 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 2003 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 2003 B Bonds in the then current or any succeeding year.

"Series 2003 B Bonds Sinking Fund" means the Series 2003 B Bonds Sinking Fund created by Section 5.03A(2) hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2003 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2003 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2003 Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND THE REFUNDING OF THE NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project and the Refunding of the Notes. There is hereby authorized and ordered the refunding of the Notes and the acquisition and construction of the Project, at an estimated cost of $5,885,000, 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 2003 Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Government, the Authority, and the Council.

The cost of the Project is estimated to be $5,885,000, of which approximately $3,934,000 will be obtained from proceeds of the Series 2003 A Bonds, approximately $550,000 will be obtained from proceeds of the Series 2003 B Bonds, approximately $1,236,000 will be obtained from a grant by the Government and approximately $165,000 will be obtained from a grant by the Council.

The cost of refunding the Notes is estimated to be $206,000, which will be obtained from proceeds of the Series 2003 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2003 Bonds, funding the respective Reserve Account for the Series 2003 Bonds, paying Costs of the Project not otherwise provided for, paying the costs of refunding the Notes and paying certain costs of issuance of the Series 2003 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2003 Bonds of the Issuer. The Series 2003 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $3,934,000, and "Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture)," in the principal amount of not more than $550,000 , and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2003 Bonds remaining after funding the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2003 Bonds, if any, shall be deposited in or credited to the Series 2003 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. A. The Series 2003 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2003 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2003 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2003 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2003 A Bonds. The Series 2003 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding

to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

B. The Series 2003 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates, shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2003 B Bonds.

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

Section 3.03. Execution of Bonds. The Series 2003 Bonds shall be executed in the name of the Issuer by the Chairperson, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2003 Bonds shall cease to be such officer of the Issuer before the Series 2003 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2003 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Bond Registrar for the Series 2003 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No such Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any such Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of such Bonds issued hereunder. The provisions of this paragraph relating to authentication and registration shall not apply to the Series 2003 B Bonds.

B. The Issuer shall be the Bond Registrar for the Series 2003 B Bonds and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2003 B Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2003 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 2003 B Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2003 B Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2003 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 2003 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 National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2003 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner, in accepting the Series 2003 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2003 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2003 Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2003 Bonds or transferring the registered Series 2003 Bonds is exercised, all such Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All such Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on such Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2003 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2003 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Registered Owner of such Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2003 A Bonds and the Series 2003 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2003 Bonds and the Prior

Bonds and to make all other payments provided for in the Bond Legislation and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2003 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2003 A Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver such Bonds to the original purchasers.

B. The Issuer shall execute and deliver the Series 2003 B Bonds to the Government as soon as the Government will accept such delivery.

Section 3.10. Form of Bonds. The text of each series of the Series 2003 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2003 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

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

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200__.

This Bond is issued (i) to pay in full the entire outstanding principal of and all interest and administrative fees on the Issuer's Sewerage System Design Notes, Series 2002 A (West Virginia Infrastructure Fund) (the "Notes"); (ii) 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"); and (iii) to pay certain costs of issuance of this Bond 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200__, and a Supplemental Resolution duly adopted by the Issuer on _____, 200____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1984 B, DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2003 B BONDS"). THE SERIES 1984 B BONDS AND THE SERIES 2001 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2003 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2003 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and

to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2003 B Bonds; provided however, that so long as there exists in the Series 2003 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2003 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations

of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 200__.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 200__.

_____

_____, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2003 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-__ $_____

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ _____ DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of _____% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the

Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200__(collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1984 B, DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2003 A BONDS"). THE SERIES 1984 B BONDS AND THE SERIES 2001 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2003 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2003 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2003 A Bonds; provided however, that so long as there exists in the Series 2003 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2003 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

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

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

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

All provisions of the 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, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 200__.

_____
Chairperson

[SEAL]

ATTEST:

_____
Secretary

(Form of)

RECORD OF ADVANCES

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

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated this ___ day of _____, 2003.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2003 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation. The Series 2003 B Bonds shall be sold to the Government, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the Council and the Government, a schedule, the forms of which will be provided by the Council and the Government, 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); and

(2) Series 2003 Bonds Construction Trust Fund.

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

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

(2) Series 2003 A Bonds Sinking Fund;

(3) Series 2003 A Bonds Reserve Account; and

(4) Series 2003 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Paying Agent of the Series 2001 A Bonds for deposit in the Series 2001 A Bonds Sinking Fund, the amount required by the Prior Resolutions for payment of the interest on the Series 2001 A Bonds; and (ii) remit to the National Finance Office for deposit in Series 2003 B Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest due as set forth in the Series 2003 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1984 B Bonds Sinking Fund, the amount required by the Prior Resolutions for payment of the principal of the Series 1984 B Bonds; (ii) remit to the Paying Agent of the Series 2001 A Bonds for deposit in the Series 2001 A Bonds Sinking Fund, the amount required by the Prior Resolutions for payment of the principal of the Series 2001 A Bonds; (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iv) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2003 B Bonds, for deposit in the Series 2003 B Bonds Sinking Fund, the amount of principal due as set forth in the Series 2003 B Bonds.

The deposits into the Series 2003 B Bonds Sinking Fund provided in this paragraph and in Section 5.03A(2) above, constitute actual payments of principal of and interest on the Series 2003 B Bonds to the Government.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Paying Agent of the Series 2001 A Bonds for deposit in the Series 2001 A Bonds Reserve Account, the amount required by the Prior Resolutions to be deposited therein; (ii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon the issuance of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 A Bonds Reserve Requirement, until the amount in the Series 2003 A Bonds Reserve Account equals the Series 2003 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2003 A Bonds

Reserve Requirement; and (iii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon the issuance of the Series 2003 B Bonds, for deposit in the Series 2003 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 B Bonds Reserve Requirement, until the amount in the Series 2003 B Bonds Reserve Account equals the Series 2003 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2003 B Bonds Reserve Requirement.

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

Moneys in the Series 2003 A Bonds Sinking Fund and the Series 2003 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 Bonds, respectively, as the same shall become due. Moneys in the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 Bonds, respectively, as the same shall come due, when other moneys in the respective Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2003 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2003 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2003 A Bonds Reserve Account or

the Series 2003 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve 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 2003 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Sinking Fund or the Reserve Account for the Series 2003 Bonds when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2003 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2003 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2003 A Bonds Sinking Fund, the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority or the Government at any time, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2003 A Bonds Sinking Fund, the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The respective Sinking Fund and the Reserve Account for the Series 2003 Bonds shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2003 Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments and all such payments shall be

remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2003 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2003 A Bonds, there shall first be deposited in the Series 2003 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2003 A Bonds for the period commencing on the date of issuance of the Series 2003 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2003 B Bonds, there shall first be deposited in the Series 2003 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2003 B Bonds for the period commencing on the date of issuance of the Series 2003 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2003 A Bonds, there shall be deposited in the Series 2003 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2003 B Bonds, there shall be deposited in the Series 2003 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 B Bonds Reserve Account.

E. Next, from the proceeds of the Series 2003 A Bonds, there shall be paid to the Commission, the amount set forth in the Supplemental Resolution for paying in full the entire outstanding principal of and all accrued interest and administrative fees on the Notes.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2003 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2003 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2003 A Bonds.

G. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2003 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2003 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2003 B Bonds.

H. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2003 A Bonds shall be expended as directed by the Council and any remaining proceeds of the Series 2003 B Bonds shall be expended as directed by the Government.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2003 A Bonds from the Series 2003 Bonds Construction Trust Fund shall be made only after submission to and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

The Issuer shall expend all proceeds of the Series 2003 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. The proceeds of the Series 2003 B Bonds in the Series 2003 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Government.

Until completion of acquisition and construction of the Project, the Issuer will transfer sufficient proceeds of the Series 2003 B Bonds from the Series 2003 Bonds Construction Trust Fund and pay to the Government on or before the due date, such sums as shall be required to make the monthly payments on the Series 2003 B Bonds, if there are not sufficient revenues to make such monthly payments.

Pending such application, moneys in the Series 2003 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2003 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2003 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2003 Bonds or the interest, if any, thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2003 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2003 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2003 Bonds or the interest, if any, thereon.

Section 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 2003 A Bonds and the Series 2003 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2003 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in and approved by the PSC Order and such rates are hereby adopted.

So long as the Series 2003 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2003 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. Additionally, so long as the Series 2003 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the Government, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2003 Bonds, be remitted to the respective Sinking Funds and applied to the payment of principal of and interest, if any, on the Series 2003 Bonds. Any balance remaining after the payment of the Series 2003 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2003 Bonds. All obligations issued by the Issuer after the issuance of the Series 2003 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2003 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2003 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2003 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be

issued after the issuance of the Series 2003 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the Council and the Government under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2003 Bonds.

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

So long as the Series 2003 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2003 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2003 B Bonds are no longer Outstanding, the following parity requirement shall be met:

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

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2003 Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, the Government, or any other original purchaser of the Series 2003 Bonds, and shall mail in each year to any Registered Owner of the Series 2003 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2003 Bonds, and shall submit said report to the Council, the Authority and the Government, or any other original purchaser of the Series 2003 Bonds. Such audit report submitted to the Authority, the Council and the Government 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 Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2003 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Reserve Accounts for the Series 2003 Bonds and the reserve accounts for obligations on a parity with the Series 2003 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

operation and maintenance to the Authority, the Council and the Government and to any Registered Owner of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the Council and the Government and to any Registered Owner of any Bonds, or anyone acting for and in behalf of such Registered Owner of any Bonds.

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

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

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

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

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

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

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

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

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

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the Council and the Government. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the PSC, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2003 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [Reserved]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2003 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2003 Bonds; provided however, that the statutory mortgage lien of the Series 2003 Bonds shall be on a parity with the statutory mortgage lien of the Prior Bonds.

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

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2003 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the Government for written approval. The Issuer shall obtain the written approval of the Council and the Government before expending any proceeds of the Series 2003 Bonds held in

"contingency" as set forth in the schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the Government before expending any proceeds of the Series 2003 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2003 Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2003 Bonds as a condition to issuance of the Series 2003 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2003 Bonds as may be necessary in order to maintain the status of the Series 2003

Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2003 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2003 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2003 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2003 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2003 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2003 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2003 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Registered Owner of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2003 Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the

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

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

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

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

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

ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2003 A Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2003 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2003 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.02. Payment of Series 2003 B Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2003 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 2003 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2003 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2003 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2003 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2003 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income of the Registered Owners thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2003 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2003 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with

the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the PSC for a certificate of public convenience and necessity and adoption of this Resolution, the Secretary shall have caused to be published in a newspaper of general circulation in each municipality in Huttonsville Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2003 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2003 Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the PSC.

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

Adopted this 4th day of June, 2003.

Chairperson

Member

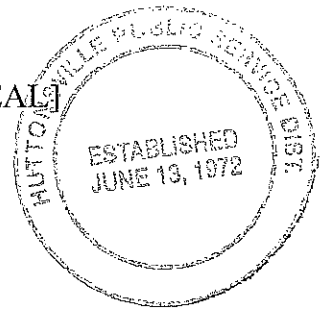
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HUTTONSVILLE PUBLIC SERVICE DISTRICT on the 4th day of June, 2003.

Dated this 6th day of June, 2003.

[SEAL]



Secretary

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HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2003 A BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SERIES 2003 B BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE SERIES 2003 A BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Huttonsville Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on June 4, 2003 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $3,934,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS

RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund) and Series 2003 B (United States Department of Agriculture), of the Issuer, in the respective aggregate principal amounts not to exceed $3,934,000 and $550,000 (collectively, the "Bonds"and individually, the "Series 2003 A Bonds" and the "Series 2003 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 2003 A Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

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

WHEREAS, the Series 2003 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement and the Series 2003 B Bonds are proposed to be purchased by the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") pursuant to the Letter of Conditions; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $3,934,000. The Series 2003 A Bonds shall be dated the date of delivery, shall finally mature March 1, 2038, and shall bear no interest. The principal of the Series 2003 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2003 A Bonds. The Series 2003 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2003 A Bonds.

B. Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), of the Issuer, originally represented by a single bond, numbered BR-1, in the original principal amount of $550,000. The Series 2003 B Bonds shall be dated the date of delivery, shall mature forty years from the date thereof, and the principal amount advanced under the Series 2003 B Bonds shall bear interest at the rate of 4.5% per annum. Monthly installments of interest only on the amounts advanced under the Series 2003 B Bonds are payable 30 days following the date of delivery of the Series 2003 B Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2003 B Bonds, and thereafter, monthly installments of principal of and interest on the Series 2003 B Bonds, in the aggregate amount of $2,525, are payable on the corresponding day of each month, except that the final installment on the Series 2003 B Bonds shall be paid at the end of 40 years from the date of the Series 2003 B Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2003 B Bonds are subject to prepayment as set forth in the Resolution and the Series 2003 B Bonds. All principal and interest payments on the Series 2003 B Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

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

Section 3. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairperson and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The Issuer hereby ratifies, approves and accepts the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100 % of par value,

there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates Citizens National Bank, Elkins, West Virginia, to serve as Registrar (the "Registrar") for the Series 2003 A Bonds under the Resolution and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 2003 A Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates Mountain Valley Bank, National Association, Mill Creek, West Virginia, to serve as the Depository Bank for the Revenue Fund and Citizens National Bank, Elkins, West Virginia, to serve as Depository Bank for the Series 2003 Bonds Construction Trust Fund.

Section 7. Series 2003 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2003 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 A Bonds Reserve Account.

Section 9. Series 2003 A Bonds proceeds in the amount of $206,000 shall be paid to the Commission to pay in full the entire outstanding principal of and all accrued interest and administrative fees on the Notes.

Section 10. Series 2003 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 B Bonds Sinking Fund as capitalized interest.

Section 11. Series 2003 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 B Bonds Reserve Account.

Section 12. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2003 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 13. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Series 2003 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about June 6, 2003, and the Series 2003 B Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about June 6, 2003.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts for the Series 2003 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 17. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of June, 2003.

Lynn R. Channell

Chairperson

Bill Doft

Member

Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Huttonsville Public Service District on the 4th day of June, 2003.

Dated this 6th day of June, 2003.

[SEAL]

Secretary

05/30/03
000630/00302

AR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $3,934,000

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of THREE MILLION NINE HUNDRED THIRTY FOUR THOUSAND DOLLARS ($3,934,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 6, 2003.

 SPECIMEN

This Bond is issued (i) to pay in full the entire outstanding principal of and all interest and administrative fees on the Issuer's Sewerage System Design Notes, Series 2002 A (West Virginia Infrastructure Fund) (the "Notes"); (ii) 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"); and (iii) to pay certain costs of issuance of this Bond 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 4, 2003, and a Supplemental Resolution duly adopted by the Issuer on June 4, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1984 B, DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 6, 2003 , ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2003 B BONDS"). THE SERIES 1984 B BONDS AND THE SERIES 2001 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2003 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the

meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2003 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2003 B Bonds; provided however, that so long as there exists in the Series 2003 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2003 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 6, 2003.

[SEAL]

HUTTONSVILLE PUBLIC SERVICE DIST.
ESTABLISHED
JUNE 13, 1972

SPECIMEN

Chairperson

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: June 6, 2003.

CITIZENS NATIONAL BANK, as Registrar

Robert [illegible], President

Authorized Officer

SPECIMEN

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$561,258	6/6/03	(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 $_____

SPECIMEN

EXHIBIT B

Huttonsville Public Service District (West Virginia)

Loan of $3,934,000
0% Interest Rate, 34 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	28,926.48	-	28,926.48
9/01/2004	28,926.48	-	28,926.48
12/01/2004	28,926.48	-	28,926.48
3/01/2005	28,926.48	-	28,926.48
6/01/2005	28,926.48	-	28,926.48
9/01/2005	28,926.48	-	28,926.48
12/01/2005	28,926.48	-	28,926.48
3/01/2006	28,926.48	-	28,926.48
6/01/2006	28,926.47	-	28,926.47
9/01/2006	28,926.47	-	28,926.47
12/01/2006	28,926.47	-	28,926.47
3/01/2007	28,926.47	-	28,926.47
6/01/2007	28,926.47	-	28,926.47
9/01/2007	28,926.47	-	28,926.47
12/01/2007	28,926.47	-	28,926.47
3/01/2008	28,926.47	-	28,926.47
6/01/2008	28,926.47	-	28,926.47
9/01/2008	28,926.47	-	28,926.47
12/01/2008	28,926.47	-	28,926.47
3/01/2009	28,926.47	-	28,926.47
6/01/2009	28,926.47	-	28,926.47
9/01/2009	28,926.47	-	28,926.47
12/01/2009	28,926.47	-	28,926.47
3/01/2010	28,926.47	-	28,926.47
6/01/2010	28,926.47	-	28,926.47
9/01/2010	28,926.47	-	28,926.47
12/01/2010	28,926.47	-	28,926.47
3/01/2011	28,926.47	-	28,926.47
6/01/2011	28,926.47	-	28,926.47
9/01/2011	28,926.47	-	28,926.47
12/01/2011	28,926.47	-	28,926.47
3/01/2012	28,926.47	-	28,926.47
6/01/2012	28,926.47	-	28,926.47
9/01/2012	28,926.47	-	28,926.47
12/01/2012	28,926.47	-	28,926.47
3/01/2013	28,926.47	-	28,926.47
6/01/2013	28,926.47	-	28,926.47
9/01/2013	28,926.47	-	28,926.47
12/01/2013	28,926.47	-	28,926.47
3/01/2014	28,926.47	-	28,926.47
6/01/2014	28,926.47	-	28,926.47
9/01/2014	28,926.47	-	28,926.47
12/01/2014	28,926.47	-	28,926.47
3/01/2015	28,926.47	-	28,926.47

Huttonsville Public Service District (West Virginia)

Loan of $3,934,000
0% Interest Rate, 34 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2015	28,926.47	-	28,926.47
9/01/2015	28,926.47	-	28,926.47
12/01/2015	28,926.47	-	28,926.47
3/01/2016	28,926.47	-	28,926.47
6/01/2016	28,926.47	-	28,926.47
9/01/2016	28,926.47	-	28,926.47
12/01/2016	28,926.47	-	28,926.47
3/01/2017	28,926.47	-	28,926.47
6/01/2017	28,926.47	-	28,926.47
9/01/2017	28,926.47	-	28,926.47
12/01/2017	28,926.47	-	28,926.47
3/01/2018	28,926.47	-	28,926.47
6/01/2018	28,926.47	-	28,926.47
9/01/2018	28,926.47	-	28,926.47
12/01/2018	28,926.47	-	28,926.47
3/01/2019	28,926.47	-	28,926.47
6/01/2019	28,926.47	-	28,926.47
9/01/2019	28,926.47	-	28,926.47
12/01/2019	28,926.47	-	28,926.47
3/01/2020	28,926.47	-	28,926.47
6/01/2020	28,926.47	-	28,926.47
9/01/2020	28,926.47	-	28,926.47
12/01/2020	28,926.47	-	28,926.47
3/01/2021	28,926.47	-	28,926.47
6/01/2021	28,926.47	-	28,926.47
9/01/2021	28,926.47	-	28,926.47
12/01/2021	28,926.47	-	28,926.47
3/01/2022	28,926.47	-	28,926.47
6/01/2022	28,926.47	-	28,926.47
9/01/2022	28,926.47	-	28,926.47
12/01/2022	28,926.47	-	28,926.47
3/01/2023	28,926.47	-	28,926.47
6/01/2023	28,926.47	-	28,926.47
9/01/2023	28,926.47	-	28,926.47
12/01/2023	28,926.47	-	28,926.47
3/01/2024	28,926.47	-	28,926.47
6/01/2024	28,926.47	-	28,926.47
9/01/2024	28,926.47	-	28,926.47
12/01/2024	28,926.47	-	28,926.47
3/01/2025	28,926.47	-	28,926.47
6/01/2025	28,926.47	-	28,926.47
9/01/2025	28,926.47	-	28,926.47
12/01/2025	28,926.47	-	28,926.47
3/01/2026	28,926.47	-	28,926.47
6/01/2026	28,926.47	-	28,926.47
9/01/2026	28,926.47	-	28,926.47
12/01/2026	28,926.47	-	28,926.47

SPECIMEN

Huttonsville Public Service District (West Virginia)

Loan of $3,934,000

0% Interest Rate, 34 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2027	28,926.47	-	28,926.47
6/01/2027	28,926.47	-	28,926.47
9/01/2027	28,926.47	-	28,926.47
12/01/2027	28,926.47	-	28,926.47
3/01/2028	28,926.47	-	28,926.47
6/01/2028	28,926.47	-	28,926.47
9/01/2028	28,926.47	-	28,926.47
12/01/2028	28,926.47	-	28,926.47
3/01/2029	28,926.47	-	28,926.47
6/01/2029	28,926.47	-	28,926.47
9/01/2029	28,926.47	-	28,926.47
12/01/2029	28,926.47	-	28,926.47
3/01/2030	28,926.47	-	28,926.47
6/01/2030	28,926.47	-	28,926.47
9/01/2030	28,926.47	-	28,926.47
12/01/2030	28,926.47	-	28,926.47
3/01/2031	28,926.47	-	28,926.47
6/01/2031	28,926.47	-	28,926.47
9/01/2031	28,926.47	-	28,926.47
12/01/2031	28,926.47	-	28,926.47
3/01/2032	28,926.47	-	28,926.47
6/01/2032	28,926.47	-	28,926.47
9/01/2032	28,926.47	-	28,926.47
12/01/2032	28,926.47	-	28,926.47
3/01/2033	28,926.47	-	28,926.47
6/01/2033	28,926.47	-	28,926.47
9/01/2033	28,926.47	-	28,926.47
12/01/2033	28,926.47	-	28,926.47
3/01/2034	28,926.47	-	28,926.47
6/01/2034	28,926.47	-	28,926.47
9/01/2034	28,926.47	-	28,926.47
12/01/2034	28,926.47	-	28,926.47
3/01/2035	28,926.47	-	28,926.47
6/01/2035	28,926.47	-	28,926.47
9/01/2035	28,926.47	-	28,926.47
12/01/2035	28,926.47	-	28,926.47
3/01/2036	28,926.47	-	28,926.47
6/01/2036	28,926.47	-	28,926.47
9/01/2036	28,926.47	-	28,926.47
12/01/2036	28,926.47	-	28,926.47
3/01/2037	28,926.47	-	28,926.47
6/01/2037	28,926.47	-	28,926.47
9/01/2037	28,926.47	-	28,926.47
12/01/2037	28,926.47	-	28,926.47
3/01/2038	28,926.47	-	28,926.47
Total	**3,934,000.00**	-	**3,934,000.00**

ASSIGNMENT SPECIMEN

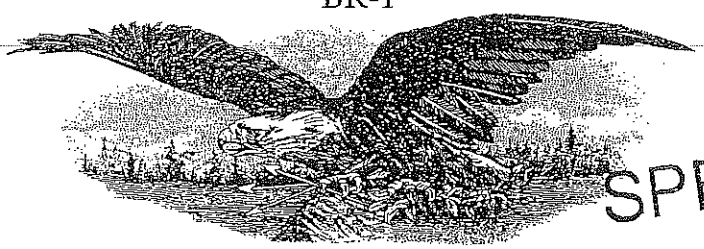
FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $550,000

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of FIVE HUNDRED FIFTY THOUSAND DOLLARS ($550,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.5% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $2,525, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the

Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on June 4, 2003, and a Supplemental Resolution duly adopted by the Issuer on June 4, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1984 B, DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,934,000 (THE "SERIES 2003 A BONDS"). THE SERIES 1984 B BONDS AND THE SERIES 2001 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2003 A

Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2003 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2003 A Bonds; provided however, that so long as there exists in the Series 2003 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2003 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created

and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

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

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

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

All provisions of the 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, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 6, 2003.

Chairperson

SPECIMEN

[SEAL]

HUTTONSVILLE PUBLIC SERVICE DIST.
ESTABLISHED
JUNE 13, 1972

SPECIMEN

ATTEST:

Secretary

SPECIMEN

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$32,700	6/6/03	(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 SPECIMEN

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

Dated this ___ day of _____, 2003.

_____

In the presence of:

_____

HUTTONSVILLE PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE); AND
SEWER REVENUE BONDS, SERIES 2011 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Phase II-A

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Phase II-A

HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,050,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2011 B 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 HUTTONSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Huttonsville Public Service District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Randolph County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience, and welfare of the

inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage system of the Issuer, consisting of removal and replacement of gravity sewer line; installing gravity sewer line and manholes; installing a new sewer line along Route 21; improving the East Dailey lift station; replacing a tank at East Dailey lift station; stabilizing existing force main between Valley Bend and Mill Creek; upgrading the Mill Creek and Huttonsville lift stations and installing a new generator to provide power to several grinder pumps, and all necessary appurtenances (collectively, 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 after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $1,850,000 in two series, being the Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), in the aggregate principal amount of not more than $1,050,000 (the "Series 2011 A Bonds"), and the Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $800,000 (the "Series 2011 B Bonds") (collectively, the "Series 2011 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2011 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 any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 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 2011 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 2011 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (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 Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 Bonds as to liens, pledge and source of and security for payment being the Issuer's: (i) Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089 (the "Series 1984 B Bonds"); (ii) Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original aggregate principal amount of $356,000 (the "Series 2001 A Bonds"); (iii) Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000 (the "Series 2003 A Bonds"); and (iv) Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000 (the "Series 2003 B Bonds") (collectively, the "Prior Bonds"); and (v) Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), issued simultaneously herewith in the original aggregate principal amount of $200,000 (the "Series 2011 C Bonds").

The Series 2011 Bonds shall be issued on a parity with the Prior Bonds and the Series 2011 C 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 2011 A Bonds, Series 2011 B Bonds and Series 2011 C Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2011 A Bonds, Series 2011 B Bonds and Series 2011 C Bonds on a parity with the Prior Bonds. The Series 2001 A Bonds do not require consent. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges and the issuance of the Series 2011 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2011 Bonds or such final order will not be subject to appeal or rehearing.

I. The Project has been approved by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2011 Bonds for all or a portion of the proceeds of the Series 2011 A Bonds from the Purchaser and for all or a portion of the proceeds of the Series 2011 B Bonds from the Authority and the Council.

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

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

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

"Costs" or "Costs of the Project" means those costs described in Section 1.02H 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.

"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 therefore, hereafter at any time constructed or acquired.

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

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

"Governing Body" means the Public Service Board of the Issuer, as it may now or hereafter be constituted.

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

"Grant" means, collectively, all grant monies received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition

of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated April 7, 2009, and all additional amendments thereto, if any, providing for the purchase of the Series 2011 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2011 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2011 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any 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 2011 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bonds canceled by the Bond Registrar or Registrar for the Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Prior Bonds 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 or holders of the Prior Bonds, any Bonds or Prior 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 such other entity or authority as may be designated as a Paying Agent for the Series 2011 B Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1984 B Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, and the Series 2003 B Bonds.

"Prior Resolutions" means, collectively, the resolutions of the Issuer authorizing the Prior Bonds.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2011 A Bonds.

"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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

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

"Series 1984 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089.

"Series 2001 A Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued to Davis Trust Bank in the original aggregate principal amount of $356,000.

"Series 2003 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000.

"Series 2003 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 B (United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000.

"Series 2011 C Bonds" means the Issuer's Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), issued simultaneously herewith in the original principal amount of $200,000.

"Series 2011 C Bonds Resolution" means the resolution authorizing the Series 2011 C Bonds.

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

"Series 2011 Bonds Construction Trust Fund" means the Series 2011 Bonds Construction

Trust Fund established by Section 5.01 hereof.

"Series 2011 A Bonds" means the Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

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

"Series 2011 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 A Bonds in the then current or any succeeding year.

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

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

"Series 2011 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 B Bonds in the then current or any succeeding year.

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2011 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2011 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, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete public 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.

"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 not to exceed $2,850,000, 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 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the Council.

The cost of the Project is estimated not to exceed $2,850,000, of which $1,050,000 will be obtained from proceeds of the Series 2011 A Bonds, $800,000 will be obtained from proceeds of the Series 2011 B Bonds, $850,000 will be obtained from proceeds of a grant from the Purchaser, and $150,000 will be obtained as a grant from the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2011 Bonds, if any, funding reserve accounts for the Series 2011 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2011 A Bonds and the Series 2011 B Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture)," in the principal amount of not more than $1,050,000, and the Series 2011 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $800,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and

capitalizing interest on the Series 2011 Bonds, if any, shall be deposited in or credited to the Series 2011 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.

A. The Series 2011 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2011 A Bond.

B. The Series 2011 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 the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2011 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2011 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached, representing the aggregate principal amount of the Series 2011 A Bonds. The Series 2011 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 B Bonds, all as provided in the Supplemental Resolution. The Series 2011 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 neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2011 Bonds shall cease to be such officer of the Issuer before the Series 2011 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration.

A. The Issuer shall be the Bond Registrar with respect to the Series 2011 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2011 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2011 A 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 2011 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2011 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2011 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2011 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2011 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2011 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2011 B Bonds shall be conclusive evidence that such Series 2011 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2011 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the

Series 2011 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2011 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2011 Bonds remain outstanding, the Bond Registrar for the Series 2011 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2011 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2011 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2011 A Bonds and Series 2011 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds and the Series 2011 C Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2011 A Bonds, Series 2011 B Bonds, Series 2011 C 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.

A. With respect to the Series 2011 A Bonds, the Chairman is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery.

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

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

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

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

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

(5) The unqualified approving opinion of bond counsel on the Series 2011 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 A Bonds and the Series 2011 B Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any

Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2011 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,050,000

No. AR-1 Date: _____, 2011

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT (the "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 _____ DOLLARS ($1,050,000), plus interest on the unpaid principal balance at the rate Of 3.75% 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 this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $4,326, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. 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 acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the 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 on _____, 2011, and a Supplemental Resolution of the Borrower duly adopted on _____, 2011, authorizing issuance of this Bond (collectively, 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 Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (1) SEWER REVENUE BONDS, SERIES 1984 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6,2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,934,000 (THE "SERIES 2003 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2003 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); (5) SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED , 2011 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 B BONDS"); AND (6) SEWER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2011 C BONDS").

In accordance with the requirements of the United States Department of Agriculture, 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.

IN WITNESS WHEREOF, HUTTONSVILLE 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.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman
#1 High Street
Mill Creek, West Virginia 26280

ATTEST:

_____

Secretary

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 $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to 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 Borrower with full power of substitution in the premises.

Dated: _____, 20____.

_____

In presence of:

_____

(FORM OF SERIES 2011 B BOND)

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

No. BR-1 $800,000

KNOW ALL MEN BY THESE PRESENTS: That on the ____ day of _____, 2011, the HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Randolph 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 _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2011.

This Bond is issued to (i) pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) fund the Series 2011 B Bonds Reserve Account, and (iii) pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____,

2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1984 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BOND, SERIES 2001 A, DATED SEPTEMBER 13, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); (3) SEWER REVENUE BOND, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,934,000 (THE "SERIES 2003 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2003 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS"); (5) SEWER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2011, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 A BONDS"), AND (6) SEWER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2011 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2011 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2011 A Bonds, Series 2011 C Bonds and Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds, Series 2011 C Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the

Series 2011 A Bonds, Series 2011 C Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

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

A. The Series 2011 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2011 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Authority and the Council a schedule, the forms of which will be provided by the Purchaser, the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

1. Revenue Fund (established by Prior Resolution);

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

3. Series 2011 Bonds Construction Trust Fund.

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

1. Series 1984 B Bonds Sinking Fund (established by Prior Resolution);

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

3. Series 2003 A Reserve Account (established by Prior Resolution);

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

5. Series 2011 C Bonds Sinking Fund (established by Series 2011 C Bonds Resolution);

6. Series 2011 C Bonds Reserve Account (established by Series 2011 C Bonds Resolution);

7. Series 2011 A Bonds Reserve Account;

8. Series 2011 B Bonds Sinking Fund; and

9. Series 2011 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Paying Agent of the Series 2001 A Bonds for deposit in the Series 2001 A Bonds Sinking Fund, the amount required by the Prior Resolutions for payment of the interest on the Series 2001 A Bonds; (ii) the National Finance Office the amount required by the Prior Resolutions for payment of the interest on the Series 2003 B Bonds; and (iii) the National Finance Office the amount required to pay interest on the Series 2011 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Paying Agent of the Series 2001 A Bonds the amounts required by the Prior Resolutions to pay the principal of the Series 2001 A Bonds; (ii) the Commission the amount required by the Prior Resolutions for payment

of the principal of the Series 1984 B Bonds and Series 2003 A Bonds; (iii) the Commission the amount required by the Series 2011 C Bonds Resolution for payment of the principal of the Series 2011 C Bonds; (iv) the National Finance Office the amounts required by the Prior Resolutions to pay the principal of the Series 2003 B Bonds; (v) the National Finance Office, commencing 24 months following the date of delivery of the Series 2011 A Bonds, the amount required to amortize the principal of the Series 2011 A Bonds over the life of the bond issue; and (vi) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Paying Agent of the Series 2001 A Bonds for deposit in the Series 2001 A Bonds Reserve Account, the amount required by the Prior Resolutions to be deposited therein; (ii) the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 2003 A Bonds and Series 2003 B Bonds; (iii) the Commission the amount required by the Series 2011 C Bonds Resolution to be deposited in the Series 2011 C Bonds Reserve Account; (iv) the Commission, commencing 4 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount each month, until the amount in the Series 2011 A Bonds Reserve Account equals the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 A Bonds Reserve Requirement; and (v) the Commission, commencing approximately 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 B Bonds Reserve Requirement, until the amount in the Series 2011 B Bonds Reserve Account equals the

Series 2011 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 B Bonds Reserve Requirement.

(5) The Issuer shall next, 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 payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2011 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2011 A Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2011 A Bonds Reserve Account shall be sufficient to prepay the Series 2011 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2011 A Bonds, together with accrued interest thereon to such prepayment date.

Monies in the Series 2011 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 B Bonds as the same shall become due. Monies in the Series 2011 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 B Bonds as the same shall come due, when other monies in the Series 2011 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2011 B Bonds Reserve Account shall be sufficient to prepay the Series 2011 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2011 B Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2011 A Bonds Reserve Account (if fully funded), the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 A Bonds and the Series 2011 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

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

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2011 A Bonds Reserve Account or the Series 2011 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2011 A Bonds, the Series 2011 B Bonds, the Series 2011 C Bonds and the Prior Bonds in accordance with the respective principal amounts then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds and the Series 2011 B Bonds, respectively, under the conditions and restrictions set forth herein.

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

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

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

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

F. The monies in excess of the maximum amounts insured by FDIC in any fund or account 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 or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2011 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2011 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2011 B Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. The proceeds of the Series 2011 A Bonds in the Series 2011 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2011 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2011 B Bonds from the Series 2011 Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer stating that:

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

(ii) 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;

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

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

The Issuer shall expend all proceeds of the Series 2011 B Bonds within 3 years of the date of the issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2011 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 2011 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2011 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be

irrevocable, except as provided herein, as long as any of the Series 2011 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all the Series 2011 A Bonds and Series 2011 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the holders of the Prior Bonds and the Series 2011 C Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2011 A Bonds, Series 2011 B Bonds, Series 2011 C 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. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered March 26, 2010 which became Final Order on April 15, 2010, in Case No. 09-1927-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds, Series 2011 A Bonds, Series 2011 B Bonds and Series 2011 C Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2011 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the provisions governing the sale of the System, or any part thereof, shall be as set forth and described in the Prior Resolutions and the System may not be sold, mortgaged, leased or otherwise disposed of unless the Issuer has obtained the written consent of the Purchaser, the Authority and the Council, as applicable

bondholders. Further, so long as the Series 2011 A Bonds, Series 2011 B Bonds and Series 2011 C Bonds are outstanding and except as otherwise required by law, and with the written consent of the Purchaser, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2011 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2011 B Bonds, immediately be remitted to the Commission for deposit in the Series 2011 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the Council, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2011 Bonds. Any balance remaining after the payment of all the Series 2011 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the 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 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Purchaser, 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 for the System, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the Council and the Purchaser and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 Bonds.

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

So long as the Series 2011 A Bonds or the Series 2003 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2011 A Bonds and the Series 2003 B Bonds are no longer outstanding, the following parity requirement shall be met:

So long as the Series 2011 C Bonds, Series 2011 B Bonds, Series 1984 B Bonds, Series 2001 A Bonds and the Series 2003 A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of

and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2011 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Purchaser, 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 Purchaser, 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 Purchaser, the Authority and the Council or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

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

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

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 Bonds and shall submit said report to the Purchaser, the Authority and the Council, or any other original purchaser of the Series 2011 Bonds. Such audit report submitted to the Purchaser, the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 Bonds, including the Prior Bonds and the Series 2011 C Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2011 Bonds, including the Prior Bonds and the Series 2011 C Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 Bonds, including the Prior Bonds and the Series 2011 C Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

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 Purchaser, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Purchaser, the Authority and the Council, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the Council, the Authority and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user

of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the sewerage 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 sewerage facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such sewerage service, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

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

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

with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, 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 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 unless an increased amount is requested by the Purchaser from time to time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such

purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

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

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and the Council, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Purchaser and the Authority.

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

Section 7.19. Reserved.

Section 7.20. 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 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2011 A Bonds and Series 2011 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds and the Series 2011 C Bonds.

Section 7.22. Contracts; Change Orders, Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2011 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser and the Council for written approval. The Issuer shall obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2011 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2011 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and

investments, and shall distribute to the Issuer, at least once each year (or more often if 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 comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2011 B Bonds as a condition to issuance of the Series 2011 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2011 B Bonds as may be necessary in order to maintain the status of the Series 2011 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2011 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2011 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2011 A Bonds and Series 2011 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or 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; or

(5) If default occurs with respect to the Series 2011 C Bonds or the Series 2011 C Bonds Resolution.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2011 A Bonds, Series 2011 B Bonds, Series 2011 C Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2011 Bonds.

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

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

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate

and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds.If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2011 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2011 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2011 Bonds from gross income for federal income tax purposes.

Except through such direct payment to the Holder of the Series 2011 A Bonds, the Issuer

may not defease the Series 2011 A Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2011 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2011 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2011 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2011 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2011 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 2011 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 and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47); and 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 or any portion thereof 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, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

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Adopted this 21st day of April, 2011.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HUTTONSVILLE PUBLIC SERVICE DISTRICT on April 21 2011.

Dated: April 25, 2011.

[SEAL]

Secretary

437410.00002

Phase II-A

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2011 A
(United States Department of Agriculture); and
Sewer Revenue Bonds, Series 2011 B
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF HUTTONSVILLE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2011 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2011 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Huttonsville Public Service District (the "Issuer") has duly and officially adopted a bond resolution on April 21, 2011 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,050,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 A, AND NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND

REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2011 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), and Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2011 A Bonds" and the "Series 2011 B Bonds"), in the respective aggregate principal amounts not to exceed $1,050,000 and $800,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2011 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 2011 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the Series 2011 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of $1,050,000. The Series 2011 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 3.75% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2011 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $4,326 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2011 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2011 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2011 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $800,000. The Series 2011 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2051, and shall bear no interest. The principal of the Series 2011 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, to and including March 1, 2051, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2011 B Bonds.

The Series 2011 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2011 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2011 A Bonds and the Series 2011 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2011 B Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2011 B Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Mountain Valley Bank, Mill Creek, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. All proceeds of the Series 2011 A Bonds shall be deposited in or credited to the Series 2011 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2011 A Bonds.

Section 8. Series 2011 B Bonds proceeds in the amount of $20,920 shall be deposited in the Series 2011 B Bonds Reserve Account.

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

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2011 A Bonds may be delivered on or about April 25, 2011 to the Purchaser pursuant to the Letter of Conditions, and the Series 2011 B Bonds may be delivered on or about April 25, 2011 to the Authority pursuant to the Loan Agreement.

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

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds

Sinking Fund and the Series 2011 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

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

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Adopted this 21st day of April, 2011.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by HUTTONSVILLE PUBLIC SERVICE DISTRICT on this 21st day of April, 2011.

Dated: April 25, 2011.

[SEAL]

Secretary

437410.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,050,000

No. AR-1 Date: April 25, 2011

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION FIFTY THOUSAND DOLLARS ($1,050,000), plus interest on the unpaid principal balance at the rate of 3.75% 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 this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $4,326, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. 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 acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the 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 on April 21, 2011, and a Supplemental Resolution of the Borrower duly adopted on April 21, 2011, authorizing

issuance of this Bond (collectively, 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 Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (1) SEWER REVENUE BONDS, SERIES 1984 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, DATED SEPTEMBER 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6,2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,934,000 (THE "SERIES 2003 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2003 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (5) SEWER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 25, 2011 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $800,000 (THE "SERIES 2011 B BONDS"), AND (6) SEWER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 25, 2011 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2011 C BONDS").

In accordance with the requirements of the United States Department of Agriculture, 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.

IN WITNESS WHEREOF, HUTTONSVILLE 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.

[CORPORATE SEAL]

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Chairman
#1 High Street
Mill Creek, West Virginia 26280

ATTEST:

Secretary

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $90,500	April 25, 2011	(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 to 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 Borrower with full power of substitution in the premises.

Dated: _____, 20____.

_____

In presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

April 25, 2011

Huttonsville Public Service District
Sewer Revenue Bonds, Series 2011 A
(United States Department of Agriculture)

Huttonsville Public Service District
Mill Creek, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Huttonsville Public Service District in Randolph County, West Virginia (the "Issuer"), of its $1,050,000 Sewer Revenue Bonds, Series 2011 A (United States Department of Agriculture) dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on April 21, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 21, 2011 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of 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 Bond Legislation 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 full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's: (i) Sewer Revenue Bonds, Series 1984 B (West Virginia Water Development Authority), dated February 28, 1984, issued in the original aggregate principal amount of $144,089, (ii) Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original aggregate principal amount of $356,000, (iii) Sewer Revenue Bonds, Series 2003 A (West Virginia Infrastructure Fund), dated June 6, 2003, issued in the original aggregate principal amount of $3,934,000, (iv) Sewer Revenue Bonds, Series 2003 B

(United States Department of Agriculture), dated June 6, 2003, issued in the original aggregate principal amount of $550,000, (v) Sewer Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated April 25, 2011, issued simultaneously herewith in the original aggregate principal amount of $800,000 and (vi) Sewer Revenue Bonds, Series 2011 C (West Virginia Infrastructure Fund), dated April 25, 2011, issued simultaneously herewith in the original aggregate principal amount of $200,000, all in accordance with the terms of the Bonds and the Bond Legislation.

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 Bond Legislation.

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 the 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.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

SPECIMEN

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

No. BR-1

$800,000

KNOW ALL MEN BY THESE PRESENTS: That on the 25th day of April, 2011, the HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of EIGHT HUNDRED THOUSAND DOLLARS ($800,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013 to and including March 1, 2051, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated April 25, 2011.

This Bond is issued to (i) pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) fund the Series 2011 B Bonds Reserve Account; and (iii) pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on April 21, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 21, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond

Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1984 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED FEBRUARY 28, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $144,089 (THE "SERIES 1984 B BONDS"); (2) SEWER REFUNDING REVENUE BOND, SERIES 2001 A, DATED SEPTEMBER 13, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $356,000 (THE "SERIES 2001 A BONDS"); (3) SEWER REVENUE BOND, SERIES 2003 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,934,000 (THE "SERIES 2003 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 6, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2003 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (5) SEWER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 25, 2011, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2011 A BONDS"); AND (6) SEWER REVENUE BONDS, SERIES 2011 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 25, 2011, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2011 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2011 A Bonds, Series 2011 C Bonds and Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2011 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2011 A Bonds, Series 2011 C Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2011 A Bonds, Series 2011 C Bonds and the Prior Bonds, an amount at least equal to the

requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

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

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 25, 2011

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$277,620	April 25, 2011	(19)		
(2)			(20)		
(3)			(21)		
(4)			(22)		
(5)			(23)		
(6)			(24)		
(7)			(25)		
(8)			(26)		
(9)			(27)		
(10)			(28)		
(11)			(29)		
(12)			(30)		
(13)			(31)		
(14)			(32)		
(15)			(33)		
(16)			(34)		
(17)			(35)		
(18)			(36)		

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Huttonsville PSD

IF

$800,000

0% Interest Rate

40 Years from the Closing Date

Dated Date	4/25/2011
Delivery Date	4/25/2011

Period Ending	Principal	Interest	Debt Service
3/1/2013	5,230		5,230
6/1/2013	5,230		5,230
9/1/2013	5,230		5,230
12/1/2013	5,230		5,230
3/1/2014	5,230		5,230
6/1/2014	5,230		5,230
9/1/2014	5,230		5,230
12/1/2014	5,230		5,230
3/1/2015	5,230		5,230
6/1/2015	5,230		5,230
9/1/2015	5,230		5,230
12/1/2015	5,230		5,230
3/1/2016	5,230		5,230
6/1/2016	5,230		5,230
9/1/2016	5,230		5,230
12/1/2016	5,230		5,230
3/1/2017	5,230		5,230
6/1/2017	5,230		5,230
9/1/2017	5,230		5,230
12/1/2017	5,230		5,230
3/1/2018	5,230		5,230
6/1/2018	5,230		5,230
9/1/2018	5,230		5,230
12/1/2018	5,230		5,230
3/1/2019	5,230		5,230
6/1/2019	5,230		5,230
9/1/2019	5,230		5,230
12/1/2019	5,230		5,230
3/1/2020	5,230		5,230
6/1/2020	5,230		5,230
9/1/2020	5,230		5,230
12/1/2020	5,230		5,230
3/1/2021	5,230		5,230
6/1/2021	5,230		5,230
9/1/2021	5,230		5,230
12/1/2021	5,230		5,230
3/1/2022	5,230		5,230
6/1/2022	5,230		5,230
9/1/2022	5,230		5,230
12/1/2022	5,230		5,230
3/1/2023	5,230		5,230
6/1/2023	5,230		5,230
9/1/2023	5,230		5,230

BOND DEBT SERVICE

Huttonsville PSD

IF

$800,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
12/1/2023	5,230		5,230
3/1/2024	5,230		5,230
6/1/2024	5,230		5,230
9/1/2024	5,230		5,230
12/1/2024	5,230		5,230
3/1/2025	5,230		5,230
6/1/2025	5,230		5,230
9/1/2025	5,230		5,230
12/1/2025	5,230		5,230
3/1/2026	5,230		5,230
6/1/2026	5,230		5,230
9/1/2026	5,230		5,230
12/1/2026	5,230		5,230
3/1/2027	5,230		5,230
6/1/2027	5,230		5,230
9/1/2027	5,230		5,230
12/1/2027	5,230		5,230
3/1/2028	5,230		5,230
6/1/2028	5,230		5,230
9/1/2028	5,230		5,230
12/1/2028	5,230		5,230
3/1/2029	5,230		5,230
6/1/2029	5,230		5,230
9/1/2029	5,230		5,230
12/1/2029	5,230		5,230
3/1/2030	5,230		5,230
6/1/2030	5,230		5,230
9/1/2030	5,230		5,230
12/1/2030	5,230		5,230
3/1/2031	5,230		5,230
6/1/2031	5,230		5,230
9/1/2031	5,230		5,230
12/1/2031	5,230		5,230
3/1/2032	5,230		5,230
6/1/2032	5,230		5,230
9/1/2032	5,230		5,230
12/1/2032	5,230		5,230
3/1/2033	5,230		5,230
6/1/2033	5,230		5,230
9/1/2033	5,230		5,230
12/1/2033	5,230		5,230
3/1/2034	5,230		5,230
6/1/2034	5,230		5,230
9/1/2034	5,230		5,230
12/1/2034	5,230		5,230
3/1/2035	5,230		5,230
6/1/2035	5,230		5,230

BOND DEBT SERVICE

Huttonsville PSD

IF

$800,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2035	5,230		5,230
12/1/2035	5,230		5,230
3/1/2036	5,230		5,230
6/1/2036	5,230		5,230
9/1/2036	5,230		5,230
12/1/2036	5,230		5,230
3/1/2037	5,230		5,230
6/1/2037	5,230		5,230
9/1/2037	5,230		5,230
12/1/2037	5,230		5,230
3/1/2038	5,230		5,230
6/1/2038	5,230		5,230
9/1/2038	5,230		5,230
12/1/2038	5,230		5,230
3/1/2039	5,230		5,230
6/1/2039	5,230		5,230
9/1/2039	5,230		5,230
12/1/2039	5,230		5,230
3/1/2040	5,230		5,230
6/1/2040	5,230		5,230
9/1/2040	5,230		5,230
12/1/2040	5,230		5,230
3/1/2041	5,230		5,230
6/1/2041	5,230		5,230
9/1/2041	5,230		5,230
12/1/2041	5,230		5,230
3/1/2042	5,230		5,230
6/1/2042	5,230		5,230
9/1/2042	5,230		5,230
12/1/2042	5,230		5,230
3/1/2043	5,230		5,230
6/1/2043	5,230		5,230
9/1/2043	5,230		5,230
12/1/2043	5,230		5,230
3/1/2044	5,230		5,230
6/1/2044	5,230		5,230
9/1/2044	5,230		5,230
12/1/2044	5,230		5,230
3/1/2045	5,230		5,230
6/1/2045	5,230		5,230
9/1/2045	5,230		5,230
12/1/2045	5,230		5,230
3/1/2046	5,230		5,230
6/1/2046	5,220		5,220
9/1/2046	5,220		5,220
12/1/2046	5,220		5,220
3/1/2047	5,220		5,220

Huttonsville PSD

IF

$800,000

0% Interest Rate

40 Years from the Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2047	5,220		5,220
9/1/2047	5,220		5,220
12/1/2047	5,220		5,220
3/1/2048	5,220		5,220
6/1/2048	5,220		5,220
9/1/2048	5,220		5,220
12/1/2048	5,220		5,220
3/1/2049	5,220		5,220
6/1/2049	5,220		5,220
9/1/2049	5,220		5,220
12/1/2049	5,220		5,220
3/1/2050	5,220		5,220
6/1/2050	5,220		5,220
9/1/2050	5,220		5,220
12/1/2050	5,220		5,220
3/1/2051	5,230		5,230
	800,000		**800,000**

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____