

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

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State of West Virginia
WATER DEVELOPMENT AUTHORITY
 180 Association Drive, Charleston, WV 25311-1217
 (304) 558-3612 - (304) 558-0299 (Fax)
 Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date Feb 23, 2011 Time 1:30 p.m. LGA Rockwell Co. Ag 850 Program IC

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Carol A. Cummings	WDA	304-558-3612	304-558-0299	cummings@wvwda.org
Stamm Gre	Interstate Kelly PLLC	304-340-1318	304-340-1272	sgre@jpkelly.com
John Sturge	Sturge & Johnson PLLC	304-353-8196	304-353-8184	john.sturge@sturgejohnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Ricky Barkley, GM Telephone 304.456.3127 E-Mail N/A
 Address HC 63 Box 122, Bartow, WV 24920

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

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POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$296,250 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the

Issuer, consisting of replacement of water lines and other water system improvements in Durbin, Frank and Bartow areas (the existing public waterworks 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 and at the costs estimated in Section 2.01 hereof.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of \$296,250 (the "Series 2011 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2011 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2011 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$316,000; and (2) Water Revenue Bonds, Series 1997 B (United States

Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$150,000 (collectively, the "Prior Bonds").

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

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

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

J. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended. Unless it qualifies for an exception, the Issuer 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.

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

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

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

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

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

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

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

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

"Consulting Engineers" means 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 1.02G hereof to be a part of the cost of acquisition and construction of the Project.

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

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

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

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

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

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

"Grants" means any grants that may be received for the project.

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

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

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

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

"Loan Agreement" means, the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2011 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2011 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2011 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

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

"Prior Bonds" means, collectively, the Series 1997 A Bonds and the Series 1997 B Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund continued by Section 5.01 hereof.

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

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

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

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

"Series 1997 A Bonds" means the Issuer's Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$316,000.

"Series 1997 B Bonds" means the Issuer's Water Revenue Bonds, Series 1997 B (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$150,000.

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

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

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

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

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

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2011 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2011 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2011 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$592,500, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2011 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed \$592,500 of which \$296,250 will be obtained from the proceeds of the Series 2011 A Bonds and \$296,250 will be obtained from a West Virginia Infrastructure Fund Grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2011 A Bonds, funding the Reserve Account for the Series 2011 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2011 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2011 A Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)," in the principal amount of \$296,250, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2011 A Bonds, if any, shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2011 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2011 A Bonds, 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 2011 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 A Bonds. The Series 2011 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2011 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2011 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 A Bond shall be deemed to have been executed by the Bond

Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

So long as the Series 2011 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2011 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2011 A Bonds or transferring the registered Series 2011 A Bonds are exercised, all Series 2011 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2011 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2011 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2011 A Bonds or, in the case of any proposed redemption of Series 2011 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer.

If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

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

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

- A. If other than the Authority, a list of the names in which the Series 2011 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2011 A Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2011 A Bonds.

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

(FORM OF SERIES 2011 A BOND)

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

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2011, POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Pocahontas 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 _____, 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 the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to fund the Series 2011 A 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 waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S : (1) WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 21, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$316,000; AND (2) WATER REVENUE BONDS, SERIES 1997 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 21, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$150,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2011 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered

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

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20__.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2011 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by Prior 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 continued hereby);
- (2) Reserve Fund (established by Prior Resolution for the Series 1997 A Bonds and Series 1997 B Bonds);
- (3) Renewal and Replacement Fund (established by the Prior Resolution as Depreciation Fund and hereby renamed and Continued); and
- (4) Series 2011 A Bonds Construction Trust Fund.

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

- (1) Series 2011 A Bonds Sinking Fund; and
- (2) Series 2011 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

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

(2) The Issuer shall next, each month transfer from the Revenue Fund and simultaneously on or before the due date thereof remit to the National Finance Office the amounts required to pay interest on the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the National Finance Office the amounts required to pay principal on the Prior Bonds, as required by the Prior Resolutions; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Depository Bank the amounts required by Prior Resolution for deposit in the Prior Bonds Reserve Account; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal on the Series 2011 A Bonds, if not fully funded upon issuance of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 A Bonds Reserve Requirement, until the amount

in the Series 2011 A Bonds Reserve Account equals the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 A Bonds Reserve Requirement.

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

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

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

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

As and when additional Bonds ranking on a parity with the Series 2011 A Bonds are issued, provision shall be made for additional payments into the respective

sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

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

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

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

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2011 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 2011 A Bonds, there shall first be deposited with the Commission in the Series 2011 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2011 A Bonds for the period commencing on the date of issuance of the Series 2011 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

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

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the

Depository Bank in the Series 2011 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2011 A Bonds.

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

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

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

- (a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (c) Each of such costs has been otherwise properly incurred; and
- (d) Payment for each of the items proposed is then due and owing.

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2011 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2011 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 A Bonds or the interest, if any, thereon.

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

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered May 26, 2010, which became Final Order on June 15, 2010 in Case: No. 09-1939-PWD-CN, and such rates are hereby adopted. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect.

So long as the Series 2011 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with

the Series 2011 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2011 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the holders of the Prior Bonds, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2011 A Bonds, immediately be remitted to the Commission for deposit in the Series 2011 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2011 A Bonds. Any balance remaining after the payment of the Series 2011 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2011 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2011 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2011 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

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

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

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

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

- (1) The Bonds then Outstanding;

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

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

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection

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

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

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the

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

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

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations outstanding.

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

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2011 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2011 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State during the entire term of the Loan Agreement. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

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

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

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

Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

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

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

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

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

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

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

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

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

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

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public

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

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2011 A Bonds and shall be on a parity with the Prior Bonds.

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

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

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

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2011 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS; 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, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2011 A Bonds from gross income for federal income tax purposes.

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

or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

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

ARTICLE IX

DEFAULT AND REMEDIES

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

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2011 A Bonds;
or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; 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 Holders of the Series 2011 A Bonds shall be on a parity with the Holders 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 and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

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

ARTICLE XI

MISCELLANEOUS

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

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2011 A Bonds, and no change, variation or alteration of any kind of

the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2011 A Bonds.

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

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

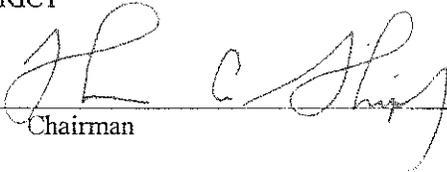
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular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

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

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Adopted this 3rd day of February, 2011.

POCAHONTAS COUNTY PUBLIC SERVICE
DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT on the 3rd day of February, 2011.

Dated: February 24, 2011.

[SEAL]


Secretary

01.31.11
710090.00004

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

SUPPLEMENTAL RESOLUTION

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

WHEREAS, the Public Service Board (the "Governing Body") of Pocahontas County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on February 3, 2011 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$296,250 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN

AGREEMENT RELATING TO SUCH BONDS;
AUTHORIZING THE SALE AND PROVIDING FOR THE
TERMS AND PROVISIONS OF SUCH BONDS AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed \$296,250 and has authorized the execution and delivery of the loan agreement relating to the Series 2011 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$296,250. The Series 2011 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2050, and shall bear no interest. The principal of the Series 2011 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2012, to and

including December 1, 2050, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2011 A Bonds. The Series 2011 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2011 A Bonds.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate First Citizens Bank, Arbovale, West Virginia, to serve as Depository Bank under the Bond Resolution.

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

Section 8. Series 2011 A Bond proceeds in the amount of \$-0- shall be deposited in the Series 2011 A Bonds Reserve Account.

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

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about February 24, 2011, to the Authority pursuant to the Loan Agreement.

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

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

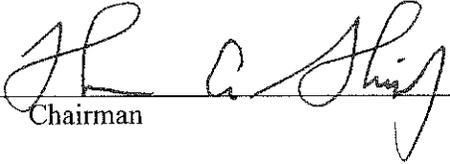
Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

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

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Adopted this 3rd day of February, 2011.

POCAHONTAS COUNTY PUBLIC SERVICE
DISTRICT

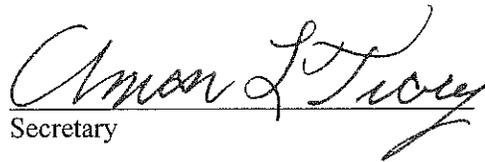
By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Pocahontas County Public Service District on February 3, 2011.

Dated: February 24, 2011.

[SEAL]


Secretary

01.28.11
710090.00004

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").

POCAHONTAS PUBLIC SERVICE DISTRICT
(2008W-1041)

(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.

POCAHONTAS PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

Mon L. Tracy
Its: Secretary

By: *JR G. Shy*
Its: Chairman
Date: February 24, 2011

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Carol A. Cummings
Its: Authorized Officer

By: *BB Jantz*
Its: Executive Director
Date: February 24, 2011

{C1948280.1}

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 firm¹ has ascertained that all

¹If 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, ²the 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".

²If 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).
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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 _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
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 \$296,250
Purchase Price of Local Bonds \$296,250

The Local Bonds shall bear no interest. Commencing June 1, 2012, 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:

- (i) Pocahontas Public Service District Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$316,000; and
- (2) Pocahontas Public Service District Water Revenue Bonds, Series 1997 B (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$150,000.

Number of New Customers to Be Served: 0
Location: Durbin, Frank and Bartow areas

**SCHEDULE Y
DEBT SERVICE SCHEDULE**

BOND DEBT SERVICE			
Pocahontas PSD			
IF			
0% Interest Rate			
	Dated		
	Date	2/24/11	
	Delivery		
	Date	2/24/11	
Period	Principal	Interest	Debt
Ending			Service
6/1/12	1,912		1,912
9/1/12	1,912		1,912
12/1/12	1,912		1,912
3/1/13	1,912		1,912
6/1/13	1,912		1,912
9/1/13	1,912		1,912
12/1/13	1,912		1,912
3/1/14	1,912		1,912
6/1/14	1,912		1,912
9/1/14	1,912		1,912
12/1/14	1,912		1,912
3/1/15	1,912		1,912
6/1/15	1,912		1,912
9/1/15	1,912		1,912
12/1/15	1,912		1,912
3/1/16	1,912		1,912
6/1/16	1,912		1,912
9/1/16	1,912		1,912
12/1/16	1,912		1,912
3/1/17	1,912		1,912
6/1/17	1,912		1,912
9/1/17	1,912		1,912
12/1/17	1,912		1,912
3/1/18	1,912		1,912
6/1/18	1,912		1,912
9/1/18	1,912		1,912
12/1/18	1,912		1,912
3/1/19	1,912		1,912
6/1/19	1,912		1,912
9/1/19	1,912		1,912
12/1/19	1,912		1,912
3/1/20	1,912		1,912
6/1/20	1,912		1,912
9/1/20	1,912		1,912
12/1/20	1,912		1,912
3/1/21	1,912		1,912
6/1/21	1,912		1,912
9/1/21	1,912		1,912
12/1/21	1,912		1,912
3/1/22	1,912		1,912
6/1/22	1,912		1,912
9/1/22	1,912		1,912
12/1/22	1,912		1,912
3/1/23	1,912		1,912
6/1/23	1,911		1,911

BOND DEBT SERVICE

Pocahontas PSD

IF

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
9/1/23	1,911		1,911
12/1/23	1,911		1,911
3/1/24	1,911		1,911
6/1/24	1,911		1,911
9/1/24	1,911		1,911
12/1/24	1,911		1,911
3/1/25	1,911		1,911
6/1/25	1,911		1,911
9/1/25	1,911		1,911
12/1/25	1,911		1,911
3/1/26	1,911		1,911
6/1/26	1,911		1,911
9/1/26	1,911		1,911
12/1/26	1,911		1,911
3/1/27	1,911		1,911
6/1/27	1,911		1,911
9/1/27	1,911		1,911
12/1/27	1,911		1,911
3/1/28	1,911		1,911
6/1/28	1,911		1,911
9/1/28	1,911		1,911
12/1/28	1,911		1,911
3/1/29	1,911		1,911
6/1/29	1,911		1,911
9/1/29	1,911		1,911
12/1/29	1,911		1,911
3/1/30	1,911		1,911
6/1/30	1,911		1,911
9/1/30	1,911		1,911
12/1/30	1,911		1,911
3/1/31	1,911		1,911
6/1/31	1,911		1,911
9/1/31	1,911		1,911
12/1/31	1,911		1,911
3/1/32	1,911		1,911
6/1/32	1,911		1,911
9/1/32	1,911		1,911
12/1/32	1,911		1,911
3/1/33	1,911		1,911
6/1/33	1,911		1,911
9/1/33	1,911		1,911
12/1/33	1,911		1,911
3/1/34	1,911		1,911
6/1/34	1,911		1,911
9/1/34	1,911		1,911
12/1/34	1,911		1,911
3/1/35	1,911		1,911
6/1/35	1,911		1,911
9/1/35	1,911		1,911

BOND DEBT SERVICE

Pocahontas PSD

IF

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
12/1/35	1,911		1,911
3/1/36	1,911		1,911
6/1/36	1,911		1,911
9/1/36	1,911		1,911
12/1/36	1,911		1,911
3/1/37	1,911		1,911
6/1/37	1,911		1,911
9/1/37	1,911		1,911
12/1/37	1,911		1,911
3/1/38	1,911		1,911
6/1/38	1,911		1,911
9/1/38	1,911		1,911
12/1/38	1,911		1,911
3/1/39	1,911		1,911
6/1/39	1,911		1,911
9/1/39	1,911		1,911
12/1/39	1,911		1,911
3/1/40	1,911		1,911
6/1/40	1,911		1,911
9/1/40	1,911		1,911
12/1/40	1,911		1,911
3/1/41	1,911		1,911
6/1/41	1,911		1,911
9/1/41	1,911		1,911
12/1/41	1,911		1,911
3/1/42	1,911		1,911
6/1/42	1,911		1,911
9/1/42	1,911		1,911
12/1/42	1,911		1,911
3/1/43	1,911		1,911
6/1/43	1,911		1,911
9/1/43	1,911		1,911
12/1/43	1,911		1,911
3/1/44	1,911		1,911
6/1/44	1,911		1,911
9/1/44	1,911		1,911
12/1/44	1,911		1,911
3/1/45	1,911		1,911
6/1/45	1,911		1,911
9/1/45	1,911		1,911
12/1/45	1,911		1,911
3/1/46	1,911		1,911
6/1/46	1,911		1,911
9/1/46	1,911		1,911
12/1/46	1,911		1,911
3/1/47	1,911		1,911
6/1/47	1,911		1,911
9/1/47	1,911		1,911
12/1/47	1,911		1,911

BOND DEBT SERVICE

Pocahontas PSD

IF

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
3/1/48	1,911		1,911
6/1/48	1,911		1,911
9/1/48	1,911		1,911
12/1/48	1,911		1,911
3/1/49	1,911		1,911
6/1/49	1,911		1,911
9/1/49	1,911		1,911
12/1/49	1,911		1,911
3/1/50	1,911		1,911
6/1/50	1,911		1,911
9/1/50	1,911		1,911
12/1/50	1,912		1,912
	296,250		296,250

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 26, 2010

FINAL

6/15/2010

CASE NO. 09-1939-PWD-CN

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Pocahontas County.

Application for a Certificate of Convenience and Necessity to replace waterlines and make other water system improvements in the Durbin, Frank and Bartow areas in northeastern Pocahontas County, West Virginia, and approval of increased water rates and charges.

RECOMMENDED DECISION

On November 16, 2009, Pocahontas County Public Service District ("District"), by counsel Thomas R. Michael, filed with the Public Service Commission ("Commission") an application for a certificate of convenience and necessity to replace waterlines and make other water system improvements in the Durbin, Frank and Bartow areas in northeastern Pocahontas County, West Virginia, and for approval of increased water rates and charges. The application stated that a permit from the West Virginia Bureau of Public Health is not needed because it involves replacing existing lines, but a storm water permit from the West Virginia Division of Environmental Protection might be needed. Supporting documentation was filed.

Also on November 16, 2009, the Commission directed the District to publish a Notice of Filing, which provided that, if no substantial protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On November 25, 2009, by Order, the Commission referred this matter to the Division of Administrative Law Judges ("ALJ Division") for decision no later than April 30, 2010, if timely substantial protest was received, and no later than March 31, 2010, if such protest was not filed.

On December 15, 2009, the District, by counsel, filed affidavits stating that the District had mailed to each of its customers a copy of the Notice of Filing, and had posted and published the notice. Attached was an affidavit of publication establishing that the notice had been published on November 26, 2009, in The Pocahontas Times, Inc.

On December 15, 2009, a protest was filed, as was, on December 28, 2009, a petition signed by eighty-six individuals, requesting that the rate increase be denied "because of undo [sic] hardship to the people of this district. Seventy percent of the people are on limited income and the business/companies in Bartow, Frank and Durbin have cut back on working hours."

On February 17, 2009, the Final Joint Staff Memorandum from Staff Attorney Cass Toon and an attached memorandum from Karen L. Buckley, of the Utilities Division, and John Mottesheard, of the Engineering Division, were filed. Staff pointed out that, while the District had proposed that the funding for the project, estimated to cost \$592,500, would be a \$296,250 West Virginia Infrastructure and Jobs Development ("WVIJDC") grant and a \$296,250 WVIJDC loan at 0%, payable over 38 years, the District had not received commitment for that funding from WVIJDC. Staff, therefore, recommended that the application be dismissed.

On February 25, 2010, the District, by counsel, filed a motion for tolling the statutory deadline for sixty days, stating that the proposed funding for the project would be determined by WVIJDC the next day.

On March 4, 2010, the Commission, by Order, granted the request, tolling the statutory deadline until August 27, 2010. The ALJ decision due date was extended until June 29, 2010.

On March 15, 2010, the District, by counsel, filed a binding commitment letter authorizing the proposed funding from WVIJDC.

On March 24, 2010, the undersigned issued a Procedural Order requiring Staff to file a further final memorandum no later than April 10, 2010.

On April 12, 2010, Mr. Toon filed the Final Joint Staff Memorandum, prepared by Ms. Buckley and Mr. Mottesheard. Staff emphasized that the project was needed to lower the District's unaccounted for water rate of 65%, and recommended that the project and its funding be approved. Staff determined that the District's Rule 42 exhibit showed it was requesting a 13.6% rate increase and found that increase to be unnecessarily high. Staff recommended an across-the-board rate increase of 10.5%, which will produce a surplus of \$5,291 and debt service coverage of 131%.

On April 16, 2010, the undersigned issued a Procedural Order scheduling this matter for hearing at 10:00 a.m. on May 6, 2010, in the Durbin Firehouse, Main Street, Durbin, West Virginia, and requiring the District to cause to be published an attached Notice of Hearing.

On April 22, 2010, the District, by counsel, filed a letter stating that the District accepted Staff's recommendations.

Hearing was held as scheduled. Mr. Michael and Mr. Toon made their appearances. Mr. Michael stated that the project, replacing extension lines made of poor material years ago, is necessary because the District is losing approximately 50,000 gallons of water per day in unaccounted-for water. He emphasized that half of the project cost of \$592,500 will be paid for by a grant and the other half will be paid for by an interest-free loan. (Tr. 6). Mr. Michael also clarified that former rate increases were not for projects such as this. (Tr. 10). Mr. Toon noted that the Commission allows a water-loss rate of 15%, far lower than the 65% the District is experiencing. (Tr. 11).

Statements from customers included the following: Bill Grimms suggested that the District put meters on the fire hydrants and along the extensions to better determine the location of leaks before going ahead with the project. (Tr. 16). Randy Watson, the project engineer with Thrasher Engineer, responded that putting meters on fire hydrants would cost between \$300,000 and \$400,000, and that the job does involve putting meter checks between Durbin and Frank and between Frank and Bartow. He further explained that the lines that will be replaced are made of a material that has proven to be substandard. Mr. Watson emphasized that the funding for the project is the best available, and opined that not correcting the water loss problem would be irresponsible and that, as the system exists, no extensions could be built and no substantial businesses could be added to the system. (Tr. 17). Mr. Watson also explained that lines with leaks can lose pressure and draw groundwater into the system, creating a health problem. (Tr. 26). Ricky Barkley, the District's long-time water system manager, stated that repairing the leaks as they occur has proven to be unproductive. He explained that, after a pipe is repaired, other pin-hole leaks will occur a few feet away, and that the pin-hole leaks are hard to locate because oftentimes the water does not rise to the surface. (Tr. 21). Buster Barner expressed a concern that leakage would continue after completion of the project. (Tr. 8). Paul Ransom stated that the customers of the District cannot afford the raising of rates, and complained that the District has not done enough preventive maintenance and that the water quality is poor. (Tr. 22-23). Arthur Collins opined that former rate increases should have paid for the fixing of the lines. (Tr. 25).

On May 2010, the District filed an affidavit of publication of the Notice of Hearing on April 29, 2010, in The Pocahontas Times, Inc.

DISCUSSION

The project, its funding, and the Staff-recommended rate increase will be approved. This major project is needed to fix the leakage problem; it is clear that simply repairing leaks when they are found cannot cure the problem. Also, the loan partially financing the project must be repaid, and the only source of revenue for doing so is the District's customers.

FINDINGS OF FACT

1. On November 16, 2009, Pocahontas County Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity to replace waterlines and make other water system improvements in the Durbin, Frank and Bartow areas in northeastern Pocahontas County, West Virginia, and for approval of a 13.6% water rate increase. The application stated that a permit from the West Virginia Bureau of Public Health is not needed because it involves replacing existing lines, but a storm water permit from the West Virginia Division of Environmental Protection might be needed. (See application).

2. The District published a Notice of Filing on November 26, 2009, in The Pocahontas Times, Inc., and a protest and a petition, protesting the proposed rate increase, were filed. (See filings of December 15 and 28, 2009).

3. The project will cost approximately \$592,500, including an estimated construction cost of \$447,480. The project has not been bid. (See application; Final Joint Staff Memorandum filed April 12, 2010).

4. The project will be funded by a \$296,250 West Virginia Infrastructure and Jobs Development grant and a \$296,250 WVIJDC loan at 0%, payable over 38 years. (See filing of March 15, 2010; Final Joint Staff Memorandum).

5. The project is designed to lower the District's unaccounted-for water rate of approximately 65%. (See Final Joint Staff Memorandum; Tr. 6, 11, 21).

6. Staff recommended that the project be approved, contingent upon the receipt and filing of any needed outstanding permits. Staff also recommended that the project's funding be approved, and also recommended an across-the-board 10.5% rate increase, which will provide a surplus of \$5,291 and debt service coverage of 131%. (See Final Joint Staff Memorandum).

7. The District accepted Staff's recommendations. (See filing of April 22, 2010; Tr. 6-7).

8. The District caused to be published a Notice of Hearing on April 29, 2010, in The Pocahontas Times, Inc., and protestants appeared at the protest hearing held May 6, 2010). (See filing of ; Tr. generally).

CONCLUSIONS OF LAW

1. It is appropriate to approve the project, pursuant to W.Va. Code §§ 16-13A-25 and 24-2-11, because the public convenience and necessity require the project, upon condition that any needed outstanding permit be received and filed before construction begins on the project.

2. It is appropriate to approve the funding for the project.

3. It is appropriate to approve the Staff-recommended rates and charges, as provided in Appendix A, because they provide revenue sufficient, but not more than sufficient, to cover the District's reasonable and necessary operating expenses and debt service and to provide the District a reasonable surplus for capital additions, and because the District accepts those rates and charges.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on November 16, 2009, by Pocahontas County Public Service District for a certificate of convenience and necessity to replace waterlines and make other water system improvements in the Durbin, Frank and Bartow areas in northeastern Pocahontas County, West Virginia, at a total cost of \$592,500, is granted and the project is approved, without specific approval of said plans and specifications.

IT IS FURTHER ORDERED that Pocahontas County Public Service District not proceed to construction unless and until it has received all required federal, state and local permits.

IT IS FURTHER ORDERED that the financing for the project, consisting of a \$296,250 WVIJDC grant and a \$296,250 WVIJDC loan at 0%, payable over 38 years, is approved.

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

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

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

IT IS FURTHER ORDERED that Pocahontas County Public Service District submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the Staff recommended rates and charges, as provided in Appendix A attached hereto, are approved, to become effective upon completion of the project. The District shall file an original and at least five (5) copies of a revised tariff containing the rates and charges approved herein within thirty (30) days of substantial completion of the project.

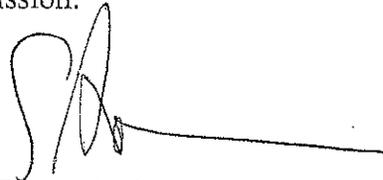
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission 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 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.

A handwritten signature in black ink, appearing to read 'Sunya Anderson', with a long horizontal line extending to the right.

Sunya Anderson
Administrative Law Judge

SA:s
091939ab.wpd

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 09-1939-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (customers with metered water supply)

First	3,000 gallons used per month	\$12.64 per 1,000 gallons
Next	2,000 gallons used per month	\$11.86 per 1,000 gallons
Next	5,000 gallons used per month	\$11.18 per 1,000 gallons
All Over	10,000 gallons used per month	\$10.50 per 1,000 gallons

MINIMUM BILL

No bill will be rendered for less than the following amounts:

5/8	inch meter	\$ 37.92 per month
3/4	inch meter	\$ 56.88 per month
1	inch meter	\$ 94.80 per month
1-1/2	inch meter	\$ 189.60 per month
2	inch meter	\$ 303.36 per month
3	inch meter	\$ 720.48 per month
4	inch meter	\$ 948.00 per month
6	inch meter	\$1,896.00 per month

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

Equivalent to 3,000 gallons, \$37.92 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent 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 charges are to be made whenever the utility installs a new tap to serve an applicant:

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

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE

\$20.00

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

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District 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

\$0.71 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, whichever is greater.

Affidavit of Filing

Form No. 14
**PUBLIC SERVICE COMMISSION
 OF WEST VIRGINIA, CHARLESTON**

STATE OF WEST VIRGINIA,
 COUNTY OF POCAHONTAS, ss:

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 16th day of November, 2009.

CASE NO. 09-1939-PWD-CN
 POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT
 Pocahontas County, West Virginia.

Application for a Certificate of Convenience and Necessity to replace waterlines and make other water system improvements in the Durbin, Frank and Barrow areas in northeastern Pocahontas County, West Virginia.

NOTICE OF FILING

WHEREAS, On November 16, 2009, the Pocahontas County Public Service District filed an application, duly verified, for a Certificate to construct certain additions and improvements to the water system in the Durbin, Frank and Barrow areas in northeastern Pocahontas County, The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the Pocahontas County Public Service District estimates that construction will cost approximately \$592,500.00. It is proposed that the construction will be financed as follows: A \$296,250 West Virginia Infrastructure and Jobs Development Council loan at 0% for 38 years; and a \$296,250 West Virginia Infrastructure and Jobs Development Council grant.

WHEREAS, the utility anticipates charging the following water rates for its customers:

APPLICABILITY: Applicable within the entire territory served.

AVAILABILITY: Available for residential, commercial, industrial and non-contract resale water service.

RATES (Customers with metered water supply)
 First 3,000 gallons used per month \$13.00 per 1,000 gallons
 Next 2,000 gallons used per month 11.95 per 1,000 gallons
 Next 5,000 gallons used per month 11.50 per 1,000 gallons
 All Over 10,000 gallons used per month 11.00 per 1,000 gallons

MINIMUM BILL
 Each customer shall pay a minimum charge of \$39.00 per month (Equivalent to 3,000 gallons of water usage)

5/8 Inch Meter \$39.00 per month
 3/4 Inch Meter 58.50 per month
 1 Inch Meter 97.50 per month
 1 1/4 Inch Meter 142.35 per month
 1 1/2 Inch Meter 195.00 per month
 2 Inch Meter 312.00 per month
 3 Inch Meter 585.00 per month
 4 Inch Meter 975.00 per month
 6 Inch Meter 1,950.00 per month
 8 Inch Meter 3,120.00 per month

FLAT-RATE CHARGE
 (Customers with non-metered water supply) Each customer shall pay a minimum charge of \$56.93 per month (Equivalent to 4,500 gallons of water usage)

DELAYED PAYMENT PENALTY
 The above schedule is net. On all current usage billings 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 once for each bill where it is appropriate.

WATER SERVICE CONNECTION CHARGE \$350.00
 The following charges are to be made whenever the utility installs a new tap to serve an applicant.

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

A tap fee of \$350.00, or the actual cost of the connection (solely determined by the District), whichever is greater, 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 \$25.00
 A service charge of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE \$25.00
 Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of \$25.00 have been paid.

There shall be a \$25.00 reconnection charge paid prior to restoration of water service which had been previously disconnected for any reason.

In the event that District staff or agents collect money at the customer's residence in order to stop disconnection, an administrative fee of \$25.00 shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS \$5.00 per 1,000 gallons
 An amount not to exceed \$5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical usage. The District shall establish a non-discriminatory policy regarding this provision for leak adjustments.

EFT, ACH, CREDIT CARD AND DROP BOX PAYMENTS
 A service charge will be imposed on EFT, ACH, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the Utility from the financial institution for processing payment.

These rates represent the following project-related increases:

	(\$) INCREASE	(%) INCREASE
Residential (4,500 gallons)	\$6.51	12.9%
Commercial (4,500 gallons)	\$6.51	12.9%
Industrial (4,500 gallons)	\$6.51	12.9%

The Pocahontas County Public Service District does not have any resale customers.
 The proposed increased rates and charges will produce approximately \$21,143.00 annually in additional revenue, an increase of 11.9%.

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 §24-2-11, West Virginia Code, IT IS ORDERED that the Pocahontas County Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Pocahontas 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 no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION
 Executive Secretary
 Sandra Squire
 11/26/1c

I, Pamela E. Pritt, officer of The Pocahontas Times, Inc., a weekly newspaper published at Marlinton, Pocahontas County, West Virginia, do hereby certify that the attached

Public Service Commission
of West Virginia, Charleston
Notice of Filing

was published for 1 successive weeks in said paper, and that the date of publication thereof were:
November 26, 2009

This 26th day of November, 2009.

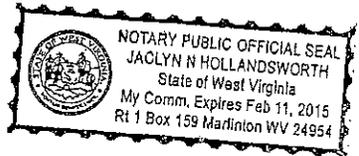
Pamela E. Pritt
 Secretary/Treasurer

Publication Cost \$ 308.79
135.25 inches 8.76 inch
words at cents per word.

Sworn to and subscribed before me this 26 day of November, 2009.

Judith M. Hollandsworth
 Notary Public in and for Pocahontas County,
 West Virginia.

My commission expires February 11, 2015



West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McCornas
Prichard
Ron Justice
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

July 18, 2008

William Rexrode, Chairperson
Pocahontas County Public Service District
HC 63, Box 122
Frank, West Virginia 24920

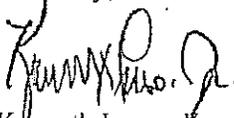
Re: Pocahontas County Public Service District
(Durbin, Frank & Bartow)
Water Project 2008W-1041

Dear Mr. Rexrode:

The West Virginia Infrastructure and Jobs Development Council, at its July 9, 2008 meeting, voted to offer the Pocahontas County Public Service District (the "District") an Infrastructure Fund loan of \$532,500 (0%, 40 years) and an Infrastructure Fund grant of \$60,000 to finance this \$592,500 project. This project consists of replacing the existing water service lines in the communities of Durbin, Frank and Bartow.

In order to receive the proposed binding commitment the District must adhere to a certain project schedule. Please contact Jeff Brady at 558-4607 by August 29, 2008 to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,



Kenneth Lowe, Jr.

cc: Bob DeCrease, P.E., BPH
Region IV Planning & Development Council
Randy Watson, Thrasher Engineering, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

June 11, 2008

William Rexrode, Chairperson
Pocahontas County Public Service District
HC 63, Box 122
Frank, West Virginia 24920

Re: Pocahontas County Public Service District
Water Project 2008W-1041

Dear Mr. Rexrode:

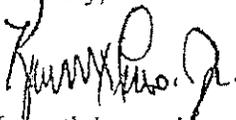
The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Pocahontas County Public Service District's (the "District") preliminary application to replace the existing water service lines in the communities of Durbin, Frank & Bartow (the "Project").

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

Upon consideration of the preliminary application, the Council determined that the District may be eligible for a \$532,500 Infrastructure Fund loan (0%, 40 years) and a \$60,000 Infrastructure Fund grant pending final determination of the project's eligibility and readiness to proceed. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Council's pending list of projects.

If you have any questions regarding this matter, please contact Jeff Brady at 558-4607.

Sincerely,



Kenneth Lowe, Jr.

Enclosure

cc: Bob DeCrease, P.E., BPH (w/o enclosure)
Region IV Planning & Development Council
Randy Watson, Thrasher Engineering, Inc.

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 24th day of February, 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 Pocahontas County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$296,250, numbered AR-1 (the "Series 2011 A Bonds"), issued as a single, fully registered Bond, and dated February 24, 2011.

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2011 A Bonds, of \$71,452.02, being a portion of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

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Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Carol A. Cummings
Its: Authorized Representative

POCAHONTAS COUNTY PUBLIC SERVICE
DISTRICT

By: JR G Ship
Its: Chairman

01.31.11
710090.00004

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

On this 24th day of February, 2011, there are delivered to you herewith:

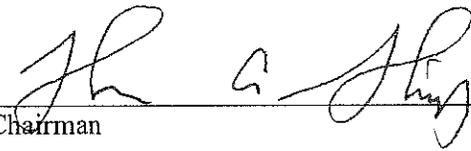
- (1) Bond No. AR-1, constituting the entire original issue of Pocahontas County Public Service District Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in the principal amount of \$296,250 (the "Series 2011 A Bonds"), dated February 24, 2011 (collectively, the "Bonds"), executed by the Chairman and Secretary of Pocahontas County Public Service District (the "Issuer") and bearing the official seal of the Issuer authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on February 3, 2011 and a Supplemental Resolution duly adopted by the Issuer on February 3, 2011 (collectively, the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above-captioned Bonds, duly certified by the Secretary of the Issuer;
- (3) Executed counterparts of a loan agreement for the Series 2011 A Bonds, dated February 24, 2011, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"); and
- (4) Executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2011 A Bonds to the Authority upon payment to the Issuer of the sum of \$71,452.02, representing a portion of the principal amount of the Series 2011 A Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

01.31.11
710090.00004

SPECIMEN

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

No. AR-1

\$296,250

KNOW ALL MEN BY THESE PRESENTS: That on this the 24th day of February, 2011, POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Pocahontas 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 NINETY-SIX THOUSAND TWO HUNDRED FIFTY DOLLARS (\$296,250), 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, 2012, to and including December 1, 2050 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 February 24, 2011.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on February 3, 2011, and a Supplemental Resolution duly adopted by the Issuer on February 3, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S : (1) WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 21, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$316,000; AND (2) WATER REVENUE BONDS, SERIES 1997 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 21, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$150,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2011 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

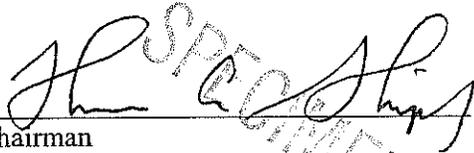
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond,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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: February 24, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar

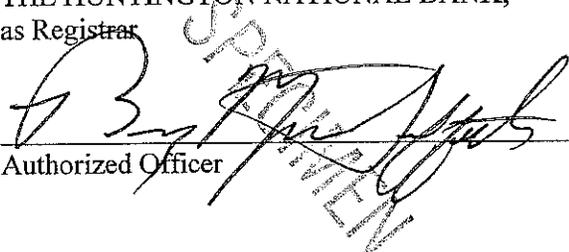

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$71,552.02	02/24/2011	(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

Pocahontas PSD

IF

0% Interest Rate

Dated Date 2/24/2011

Delivery

Date 2/24/2011

Period Ending	Principal	Interest	Debt Service
6/1/2012	1,912		1,912
9/1/2012	1,912		1,912
12/1/2012	1,912		1,912
3/1/2013	1,912		1,912
6/1/2013	1,912		1,912
9/1/2013	1,912		1,912
12/1/2013	1,912		1,912
3/1/2014	1,912		1,912
6/1/2014	1,912		1,912
9/1/2014	1,912		1,912
12/1/2014	1,912		1,912
3/1/2015	1,912		1,912
6/1/2015	1,912		1,912
9/1/2015	1,912		1,912
12/1/2015	1,912		1,912
3/1/2016	1,912		1,912
6/1/2016	1,912		1,912
9/1/2016	1,912		1,912
12/1/2016	1,912		1,912
3/1/2017	1,912		1,912
6/1/2017	1,912		1,912
9/1/2017	1,912		1,912
12/1/2017	1,912		1,912
3/1/2018	1,912		1,912
6/1/2018	1,912		1,912
9/1/2018	1,912		1,912
12/1/2018	1,912		1,912
3/1/2019	1,912		1,912
6/1/2019	1,912		1,912
9/1/2019	1,912		1,912
12/1/2019	1,912		1,912
3/1/2020	1,912		1,912
6/1/2020	1,912		1,912
9/1/2020	1,912		1,912
12/1/2020	1,912		1,912
3/1/2021	1,912		1,912
6/1/2021	1,912		1,912
9/1/2021	1,912		1,912
12/1/2021	1,912		1,912
3/1/2022	1,912		1,912
6/1/2022	1,912		1,912
9/1/2022	1,912		1,912
12/1/2022	1,912		1,912
3/1/2023	1,912		1,912
6/1/2023	1,911		1,911

BOND DEBT SERVICE
Pocahontas PSD
IF
0% Interest Rate

Period Ending	Principal	Interest	Debt Service
9/1/2023	1,911		1,911
12/1/2023	1,911		1,911
3/1/2024	1,911		1,911
6/1/2024	1,911		1,911
9/1/2024	1,911		1,911
12/1/2024	1,911		1,911
3/1/2025	1,911		1,911
6/1/2025	1,911		1,911
9/1/2025	1,911		1,911
12/1/2025	1,911		1,911
3/1/2026	1,911		1,911
6/1/2026	1,911		1,911
9/1/2026	1,911		1,911
12/1/2026	1,911		1,911
3/1/2027	1,911		1,911
6/1/2027	1,911		1,911
9/1/2027	1,911		1,911
12/1/2027	1,911		1,911
3/1/2028	1,911		1,911
6/1/2028	1,911		1,911
9/1/2028	1,911		1,911
12/1/2028	1,911		1,911
3/1/2029	1,911		1,911
6/1/2029	1,911		1,911
9/1/2029	1,911		1,911
12/1/2029	1,911		1,911
3/1/2030	1,911		1,911
6/1/2030	1,911		1,911
9/1/2030	1,911		1,911
12/1/2030	1,911		1,911
3/1/2031	1,911		1,911
6/1/2031	1,911		1,911
9/1/2031	1,911		1,911
12/1/2031	1,911		1,911
3/1/2032	1,911		1,911
6/1/2032	1,911		1,911
9/1/2032	1,911		1,911
12/1/2032	1,911		1,911
3/1/2033	1,911		1,911
6/1/2033	1,911		1,911
9/1/2033	1,911		1,911
12/1/2033	1,911		1,911
3/1/2034	1,911		1,911
6/1/2034	1,911		1,911
9/1/2034	1,911		1,911
12/1/2034	1,911		1,911
3/1/2035	1,911		1,911
6/1/2035	1,911		1,911
9/1/2035	1,911		1,911

BOND DEBT SERVICE

Pocahontas PSD

IF

0% Interest Rate

Period Ending	Principal	Interest	Debt Service
12/1/2035	1,911		1,911
3/1/2036	1,911		1,911
6/1/2036	1,911		1,911
9/1/2036	1,911		1,911
12/1/2036	1,911		1,911
3/1/2037	1,911		1,911
6/1/2037	1,911		1,911
9/1/2037	1,911		1,911
12/1/2037	1,911		1,911
3/1/2038	1,911		1,911
6/1/2038	1,911		1,911
9/1/2038	1,911		1,911
12/1/2038	1,911		1,911
3/1/2039	1,911		1,911
6/1/2039	1,911		1,911
9/1/2039	1,911		1,911
12/1/2039	1,911		1,911
3/1/2040	1,911		1,911
6/1/2040	1,911		1,911
9/1/2040	1,911		1,911
12/1/2040	1,911		1,911
3/1/2041	1,911		1,911
6/1/2041	1,911		1,911
9/1/2041	1,911		1,911
12/1/2041	1,911		1,911
3/1/2042	1,911		1,911
6/1/2042	1,911		1,911
9/1/2042	1,911		1,911
12/1/2042	1,911		1,911
3/1/2043	1,911		1,911
6/1/2043	1,911		1,911
9/1/2043	1,911		1,911
12/1/2043	1,911		1,911
3/1/2044	1,911		1,911
6/1/2044	1,911		1,911
9/1/2044	1,911		1,911
12/1/2044	1,911		1,911
3/1/2045	1,911		1,911
6/1/2045	1,911		1,911
9/1/2045	1,911		1,911
12/1/2045	1,911		1,911
3/1/2046	1,911		1,911
6/1/2046	1,911		1,911
9/1/2046	1,911		1,911
12/1/2046	1,911		1,911
3/1/2047	1,911		1,911
6/1/2047	1,911		1,911
9/1/2047	1,911		1,911
12/1/2047	1,911		1,911

Pocahontas PSD
IF
0% Interest Rate

Period Ending	Principal	Interest	Debt Service
3/1/2048	1,911		1,911
6/1/2048	1,911		1,911
9/1/2048	1,911		1,911
12/1/2048	1,911		1,911
3/1/2049	1,911		1,911
6/1/2049	1,911		1,911
9/1/2049	1,911		1,911
12/1/2049	1,911		1,911
3/1/2050	1,911		1,911
6/1/2050	1,911		1,911
9/1/2050	1,911		1,911
12/1/2050	1,912		1,912
	296,250		296,250

(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:

February 24, 2011

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

Pocahontas County Public Service District
Bartow, 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 Pocahontas County Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$296,250 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated February 24, 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 June 1, 2012, to and including December 1, 2050, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on February 3, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 3, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (1) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$316,000; and (2) Water Revenue Bonds, Series 1997 B (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$150,000 (collectively, the "Prior Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

01.31.11
710090.00004

LAW OFFICE

Thomas R. Michael

ATTORNEY AT LAW

P.O. BOX 250

LOST CREEK, WEST VIRGINIA, 26385-0250

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EMAIL tom_michael@yahoo.com

February 24, 2011

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

Pocahontas County Public Service District
Bartow, 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 Pocahontas County Public Service District, a public service district, in Pocahontas County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2011 A Bonds dated February 24, 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 February 3, 2011, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 3, 2011 (collectively, the "Bond Legislation"), orders of The County Commission of Pocahontas County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is 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, all under the Act and other applicable provisions of law.

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

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

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

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

6. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

7. The Issuer has received all permits except for the Department of Highways ("DOH") permit which will be obtained once the Issuer posts the \$30,000 DOH bond. The Issuer has also received all licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Pocahontas County, the West Virginia Bureau for Public Health, the Council and the Recommended Decision of the Public Service Commission of West Virginia dated May 26, 2010 which became Final Order on June 15, 2010 in Case No. 09-1939-PWD-CN among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving rates for the System and approving the financing for the Project. The time for appeal of such Order has expired prior to the date hereof without any appeal. Such Order remains in full force and effect.

8. There is currently a case pending before the West Virginia Public Service Commission (Case No. 10-1279-PSD-C), in which the complainants seek a Commission Order that the Pocahontas County Public Service District be required to timely complete a sewer

project in the Snowshoe area. Complainants further request that the Commission seek from the Circuit Court of Pocahontas County the appointment of a receiver authorized to complete the sewer project. In my opinion, the outcome of this case will not 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. To the best of my knowledge, there is no other litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

9. 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 1D, 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 such insurance policies or binders and such bonds have been verified for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreements; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



710090.00004

CH5352178

LAW OFFICE

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February 24, 2011

Jim Ellars, Executive Director
West Virginia Infrastructure & Jobs Development Council
180 Association Drive
Charleston, WV 25311

Chris E. Jarrett, Executive Director
West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1217

FINAL NARRATIVE OPINION

Re: Pocahontas County Public Service District
Durbin-Bartow-Frank Water Project
IJDC Project # 2008W-1041

Dear Mr. Ellars and Mr. Jarrett:

The law firm of Thomas R. Michael, Attorney at Law, of the Town of Lost Creek, Harrison County, West Virginia, is the attorney for Pocahontas County Public Service District, a West Virginia public service district. This letter refers to the Durbin-Bartow-Frank Water Project. I have reviewed certain project maps prepared by Thrasher Engineering, Inc., setting forth the necessary lands, for the construction of the proposed water system project consisting of upgrades to the existing water system. Based upon my review of said maps, certain records in the office of the Clerk of the County Commission of Pocahontas County, West Virginia, and the documents hereinafter mentioned, I am of the opinion that:

1. Pocahontas County Public Service District is a duly created and existing public corporation possessed with all of the powers and authority granted to public service districts under the laws of the State of West Virginia, and as such, the District has the legal power and authority to construct, operate, and maintain the water distribution system described in the report of Thrasher Engineering, Inc.
2. Pocahontas County Public Service District has obtained all necessary permits and approvals for construction of the aforementioned water distribution system improvements, *except* for the Department of Highways (DOH) permit. The PSD will have the permit once it posts the \$30,000 DOH bond.

Letter to Jim Ellars et al
February 24, 2011
Page 2

3. In order to construct, operate and maintain said water distribution system, Pocahontas County Public Service District has acquired all necessary lands (the site for the new meter and meter vault has been deeded to the PSD and duly recorded in the aforesaid Clerk's Office). No new easements are required.
4. Pocahontas County Public Service District, pursuant to West Virginia Code §16-13A-8 is duly vested with the right of eminent domain and may acquire rights of way and easements and lands not heretofore acquired and which could not be acquired by negotiation and purchase but that are necessary for the construction of the water system described in the plans and specifications from any private property owners. Eminent domain will not be needed in this project.
5. The project has been approved by the West Virginia Public Service Commission. (Case No. 09-1939-PWD-CN).
6. Subject to the foregoing, the completion of all requirements set forth in the letter of conditions, and upon proper closing, you shall have a statutory lien upon the public service district properties referred to herein.

Yours truly,


Thomas R. Michael

cc: Ricky Barkley, General Manager Water Division, Pocahontas County Public Service District
Travis W. Adams, P.E., Thrasher Engineering, Inc.

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Pocahontas County Public Service District in Pocahontas County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify on this 24th day of February, 2011, in connection with the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted February 3, 2011, and the Supplemental Resolution duly adopted February 3, 2011 (collectively, the "Bond Legislation").

2. NO LITIGATION: There is currently a case pending before the West Virginia Public Service Commission (Case No. 10-1279-PSD-C), in which the complainants seek a Commission Order that the Pocahontas County Public Service District be required to timely complete a sewer project in the Snowshoe area. Complainants further request that the PSC seek from the Circuit Court of Pocahontas County the appointment of a receiver authorized to complete the sewer project. No other controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment, being the (1) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$316,000; and (2) Water Revenue Bonds, Series 1997 B (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$150,000 (collectively, the "Prior Bonds").

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

revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

Series 2011 A Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

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

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes on Organizational Meeting

Minutes on Adoption of Bond Resolution, Supplemental Resolution and Resolution Approving Invoices

Environmental Health Services Permit

Evidence of Insurance

Prior Bond Resolutions

RUS Consent to Parity

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

created by The County Commission of Pocahontas 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:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Thomas Shipley	December 15, 2009	June 30, 2012
Amon Tracey	June 16, 2009	June 30, 2015
David Litsey	August 17, 2010	June 30, 2016

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

Chairperson	-	Thomas Shipley
Secretary	-	Amon Tracey

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

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

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

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

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

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

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

12. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated May 26, 2010 which became Final Order on June 15, 2010 in Case No. 09-1939-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect.

13. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated May 26, 2010 which became Final Order on June 15, 2010 in Case No. 09-1939-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Order is in full force and effect.

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

15. BOND PROCEEDS: On the date hereof, the Issuer also received \$71,452.02 from the Authority and the Council, being a portion of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

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

18. 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.

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. GRANTS: The \$296,250 grant from the Infrastructure Fund is in full force and effect.

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

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

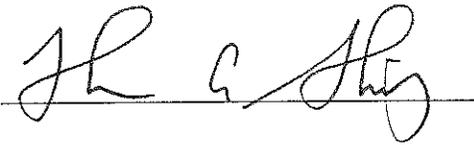
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WITNESS our signatures and the official seal of POCAHONTAS COUNTY
PUBLIC SERVICE DISTRICT on this day and year first written above.

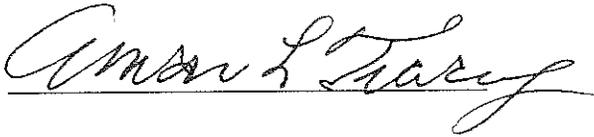
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman



Secretary

Counsel to Issuer

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Chairman

Secretary

Thomas R. Michael

Counsel to Issuer

01.31.11
710090.00004

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POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

CERTIFICATE OF ENGINEER

I, Kenneth Moran, P.E., Registered Professional Engineer, West Virginia License No. 011309, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify on this 24th day of February, 2011 as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public waterworks facilities (the "System") of Pocahontas County Public Service District (the "Issuer") to be constructed in Pocahontas County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on February 3, 2011, as supplemented by Supplemental Resolution duly adopted by the Issuer on February 3, 2011, and the Loan Agreement for the Series 2011 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated February 24, 2011 (the "Loan Agreement").

2. The Series 2011 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council 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 forty (40) 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, Thomas Michael, 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 compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in

reliance upon the certificate of the Issuer's certified public accountant, Griffith and Associates, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve no new customers.

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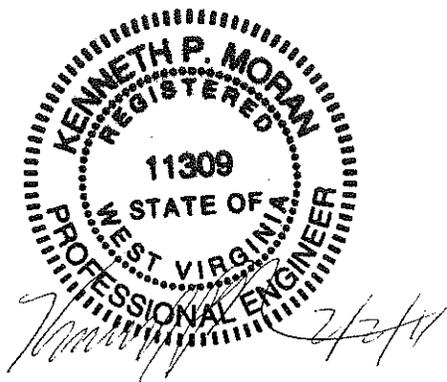
WITNESS my signature and seal on day and year first written above.

THRASHER ENGINEERING, INC.

(SEAL)



Kenneth Moran, P.E.
West Virginia License No. 011309

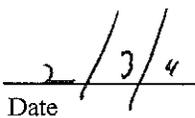


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SCHEDULE B
Pocahontas PSD 2008W-1041
WATER SYSTEM IMPROVEMENTS
01/24/2011 rev 0

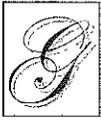
A. Cost of Project	TOTAL	IJC Loan	IJDC Grant
1. Construction	316,250.00	135,896.19	180,353.81
2. Change Order (Alt No 1)	94,946.19	0.00	94,946.19
3. Technical Services (Thrasher)			
Planning	12,500.00	12,500.00	0.00
Design	33,500.00	33,500.00	0.00
Construction	27,500.00	27,500.00	0.00
4. Accounting (Griffith)	12,353.81	12,353.81	0.00
5. Legal (Tom Michael)	10,000.00	10,000.00	0.00
6. Administration	40,000.00	40,000.00	0.00
7. Sites & Lands (R-O-W Acquisitions)	3,000.00	3,000.00	0.00
8. DOH Inspection	3,000.00	3,000.00	0.00
9. Permits/ Ads / Miscellaneous	3,000.00	3,000.00	0.00
10. Contingency	20,950.00	0.00	20,950.00
11. TOTAL Lines 1 through 10	577,000.00	280,750.00	296,250.00
B. Cost of Financing			
12. Registrar Fee	500.00	500.00	0.00
13. Debt Reserve	0.00	0.00	0.00
14. Bond Counsel (Steptoe & Johnson)	15,000.00	15,000.00	0.00
15. Cost of Issuance (Lines 12 through Line 14)	15,500.00	15,500.00	0.00
16. TOTAL COST OF PROJECT (Line 11 + Line 15)	592,500.00	296,250.00	296,250.00
C. Sources of Funds			
17. Federal Grants	0.00	0.00	0.00
18. State Grants (IJDC)	296,250.00	0.00	296,250.00
19. Other Grants	0.00	0.00	0.00
20. TOTAL GRANTS	296,250.00	0.00	296,250.00
21. SIZE OF BOND ISSUE (Line 16 minus Line 20)	296,250.00	296,250.00	0.00


Pocahontas Public Service District


Date


Thrasher Engineering, Inc


Date



February 24 2011

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

Pocahontas County Public Service District
Pocahontas, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia dated May 26, 2010 which became Final Order on June 15, 2010, in Case No. 09-1939-PWD-CN and the current operation and maintenance expenses and customer usage as furnished to us by Pocahontas County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's: (1) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated April 27, 1997, issued in the original aggregate principal amount of \$316,000; and (2) Water Revenue Bonds, Series 1997 B (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$150,000 (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues for the Fiscal Year following the year in which the Series 2011 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2011 A Bonds.

Very truly yours,

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

MDG/dk

Michael D. Griffith, CPA, AFI
mgriffith@gcorpwv.com

950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Pocahontas County Public Service District in Pocahontas County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$296,250 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated February 24, 2011 (collectively, the "Bonds"), hereby certify this 24th day of February, 2011 as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on February 3, 2011 as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 3, 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 February 24, 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 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the 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 A Bonds were sold on February 24, 2011, to the Authority, pursuant to a loan agreement dated February 24, 2011, by and between the Issuer

and the Authority, on behalf of the Council, for an aggregate purchase price of \$296,250 (100% of par), at which time, the Issuer received \$71,452.02 from the Authority and the Council, being the first advance of the principal amount of the Series 2011 A Bonds. No accrued interest has been or will be paid on the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2011 A 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 the Project; and (ii) paying certain costs of issuance and related costs.

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

8. The total cost of the Project is estimated at \$592,500. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2011 A Bonds	\$296,250
IJDC Grant	<u>\$296,250</u>
Total Sources	<u>\$592,500</u>

USES

Costs of Acquisition and Construction of the Project	\$577,000
Costs of Issuance	<u>\$15,500</u>
Total Uses	<u>\$592,500</u>

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 A Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;

- (3) Series 2011 A Bonds Construction Trust Fund;
- (4) Series 2011 A Bonds Sinking Fund; and
- (5) Series 2011 A Bonds Reserve Account.

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

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

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

(3) The balance of the proceeds of the Series 2011 A Bonds will be deposited in the Series 2011 A 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 A Bonds and related costs.

11. Monies held in the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2011 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2011 A Bonds Sinking Fund and Series 2011 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 A 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 5 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 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2011 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 11 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

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

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

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

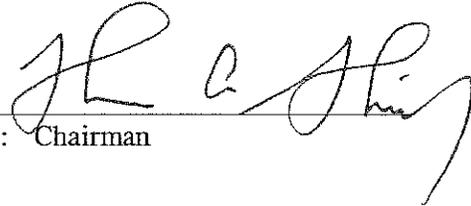
26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

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

POCAHONTAS COUNTY PUBLIC SERVICE
DISTRICT

By: 
Its: Chairman

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Pocahontas County Public Service District

- | | |
|-------------------|--|
| June 5, 1979 | Pocahontas County order for public hearing for creation of Upper Greenbrier Public Service District |
| February 15, 1983 | Pocahontas County order creating Upper Greenbrier Public Service District |
| April 21, 1997 | Pocahontas County order creating Upper Greenbrier Public Service District |
| April 21, 1997 | Pocahontas County order expanding boundaries of Upper Greenbrier Public Service District to include Town of Durbin |
| April 24, 1997 | Resolution of Town of Durbin ratifying its inclusion within Upper Greenbrier Public Service District |
| November 19, 1997 | PSC Order approving expansion of Upper greenbrier Public service District to county wide water district excluding certain boundaries and disapproving county wide sewer district |
| February 4, 1998 | PSC Order approving county wide sewer district excluding certain boundaries |
| October 19, 2004 | PSC order enlarging boundaries of Pocahontas County Public Service District |
| December 16, 2008 | Resolution of Pocahontas County Public Service District ratifying name change |

6/5/79

8. This Resolution shall become effective immediately.

9. The President of the Commission is authorized to certify copies of this Resolution as required and the Clerk of the Commission is authorized to affix the official seal of the Commission to such certifications and to attest the same.

ENTER: /s/ Harlan G. Tallman
President
The County Commission of Pocahontas County

IN RE: COURTHOUSE INSURANCE AND EMERGENCY MEDICAL SERVICE COUNCIL.

Neal Kellison came before the Commission with a detailed written report on the insurance coverage of the Courthouse property. This indicated a coverage of \$2,057,180. at an annual premium of \$4,711.00. He further reported an error in the billing dated March 3, 1979, and that the Commission had overpaid this 1979 premium by \$2,355.50. A refund is being processed for payment of said overpayment.

Mr. Kellison also discussed the Emergency Medical Service Council and its creation as an Authority. He reported the Council had agreed to function and assume the responsibilities as the Pocahontas County Emergency Medical Service Authority as created by order of the County Commission dated November 1, 1977 and recorded in County Court Order Book No. 23, Page 8

The unspent funds as budgeted for the EMS Council (Authority) in the 1979 Budget were discussed and a motion was made by Walter D. Helmick, seconded by Richard I. McNeel to turn the unspent funds remaining in the budget over to the EMS Authority. Motion carried unanimous.

IN RE: POCAHONTAS COUNTY HEALTH SERVICE CORPORATION.

William R. McNeel, President, Gibbs Kinderman, Administration and Guy Fultz member of the Pocahontas County Health Service Corporation came before the County Commission to discuss the written Summary, Health Services Study in Pocahontas County as prepared under HEW Grant #03-H-001,252-D1 as per Authorization Section 330 P.L. 94-63, Rural Health Initiative. The summary was discussed, with questions and comments. No action was taken pending further review by the membership of the PCHS Corporation which is set to meet June 7, 1979 with the Commission.

IN RE: UPPER GREENBRIER VALLEY PUBLIC SERVICE DISTRICT.

As per written request from the Mayor and the Town Council, the County Commission by its own motion proposed to enlarge the Upper Greenbrier Valley Public Service District to incorporate the Town of Durbin and to follow the boundary lines of the Incorporated Town of Durbin which said extension is for the provision of water services and does further order that a public hearing be held on the 10th day of July, 1979 at a public meeting place within the Town of Durbin. ✓

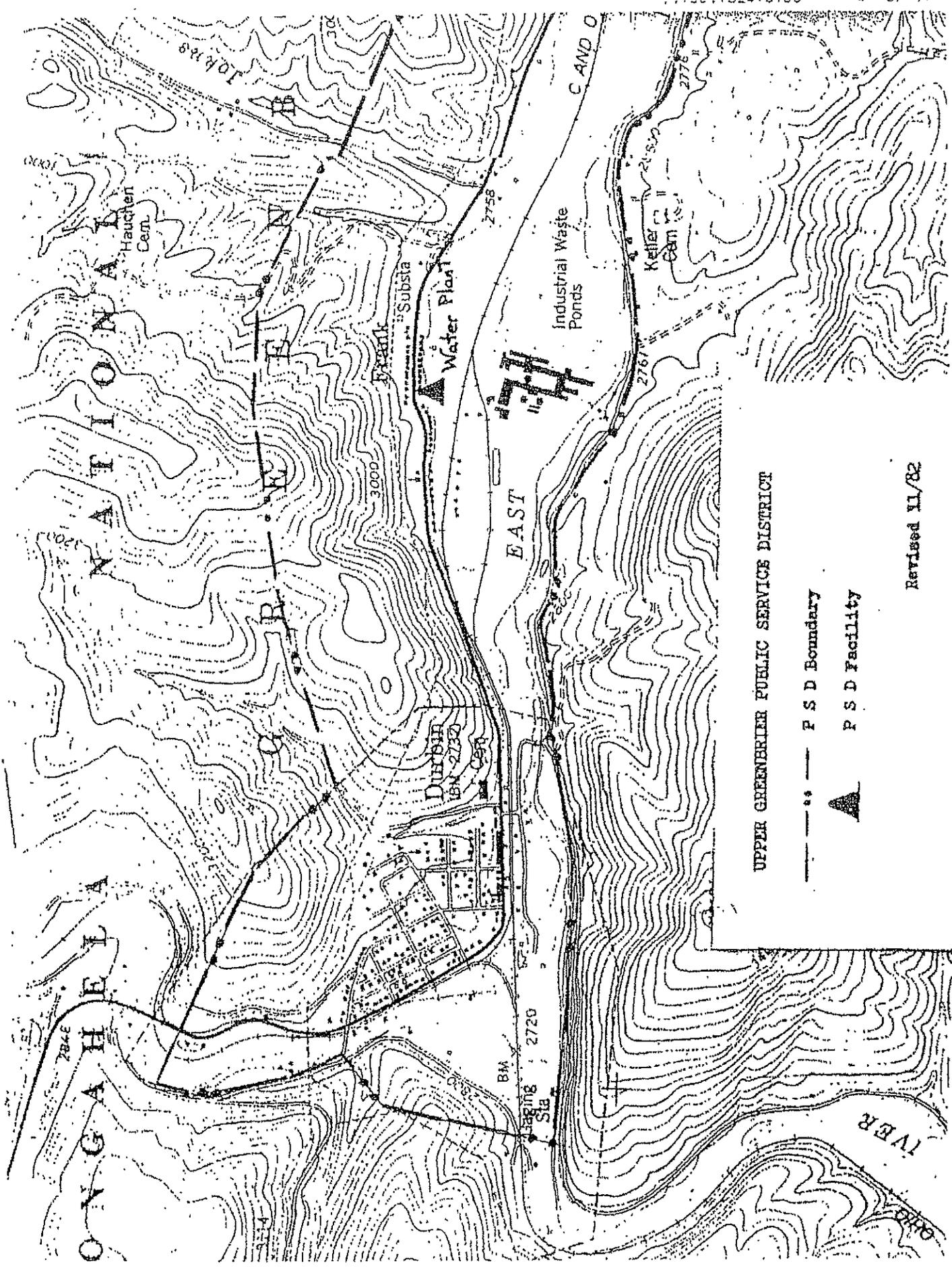
IN RE: BEA GLADWELL - REGION IV ADVISORY COUNCIL OF THE AREA AGENCY ON AGING.

(2)

Bea Gladwell was appointed as the County Commission's representative to the Region IV Advisory Council of the Area Agency on Aging.

IN RE: BECKIE PERRY, NUTRITION BOARD OF DIRECTORS, REGION IV AREA AGENCY ON AGING.

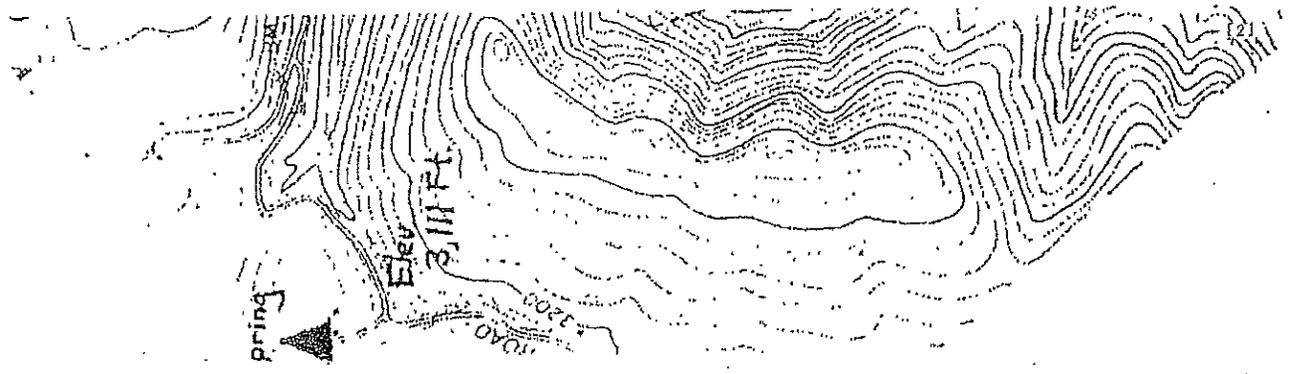
Beckie Perry was appointed as the County Commission's representative to the Nutrition Board of Directors, Region IV Area Agency on Aging, representing Pocahontas County regarding the development of a Multi-County Nutrition Program for the Counties of Pocahontas, Webster and Greenbrier.

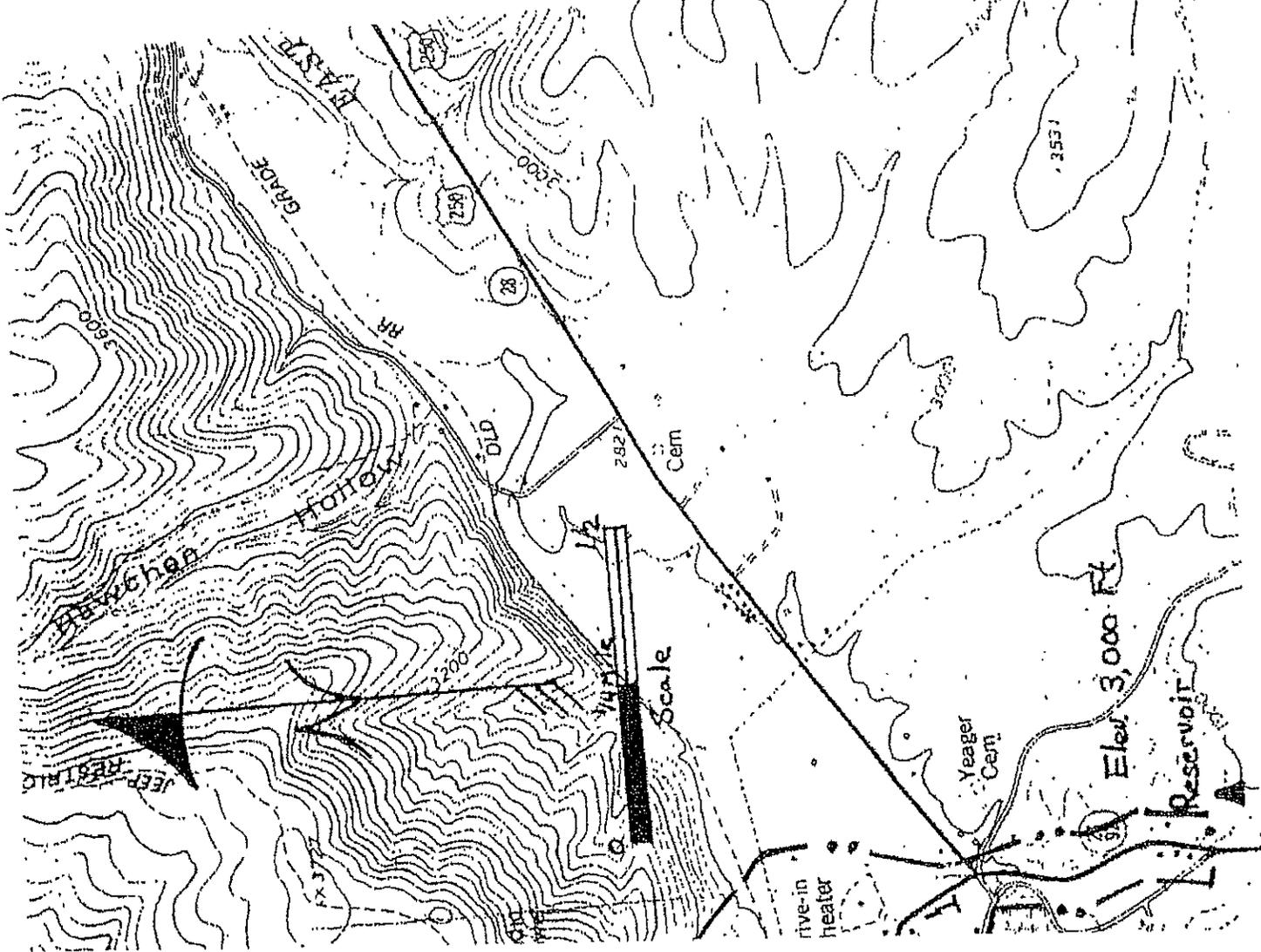


UPPER GREENBRIER PUBLIC SERVICE DISTRICT

- **--- P S D Boundary
- ▲ P S D Facility

Revised 11/82

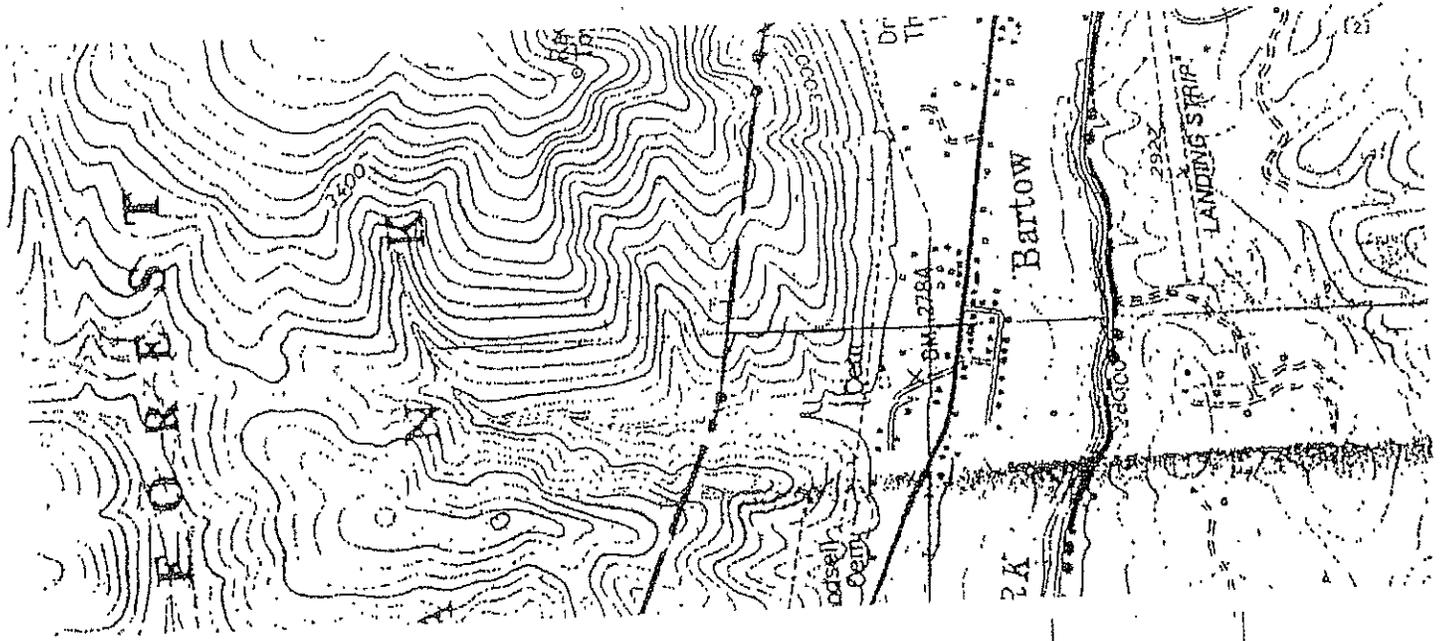




A TRUE COPY; Certified this 11th
 day of April, 19 97

Patricia D. Dundersek, Clerk
 POCAHONTAS COUNTY COMMISSION
 Marlinton, West Virginia 24954

BY Gay E. Ellis, Deputy



1972

COUNTY COURT ORDER BOOK 22 PAGE 307 exhibit 1C
February 1, 1972 minutes

February 1, 1972

POCAHONTAS COUNTY COURT
MARLINTON, WEST VIRGINIA

A request is hereby made to the Pocahontas County Court to order a Public Service District in upper Green Bank District to be known as the "UPPER GREENBRIER PUBLIC SERVICE DISTRICT".

Generally, this District is meant to start at the Eastern line of the TOWN OF DURBIN and extend in an easterly direction to take in the entire unincorporated towns of Frank and Bartow and lands between these two unincorporated towns.

Specifically, the proposed bounds are as follows:

At a point on the east line of the TOWN OF DURBIN 600 yards north of the center line of US Highway No. 250. Thence, a line running 600 yards north of the center line of US Highway No. 250 east across the Greenbrier River at the Hermitage Motel in Bartow. Thence, westerly along the secondary road known as "Old Pike Road" back to the west line of the TOWN OF DURBIN. "Old Pike Road" runs parallel to the Greenbrier River and is located south of the Greenbrier River. From the point where "Old Pike Road" intersects the east line of the TOWN OF DURBIN the line will be northerly to the first point.

A TRUE COPY; Certified this 15th
day of April, 19 97

Patricia D. DuBock, Clerk

POCAHONTAS COUNTY COMMISSION
Marlinton, West Virginia 24954

By Jay E. Yell, Deputy

2/15/83

COUNTY COURT ORDER BOOK 23 PAGE 410
FEBRUARY 15, 1983 MINUTES

410

examination of the 1983-84 budget could be made.

IN RE: 'UPPER GREENBRIER PUBLIC SERVICE DISTRICT' - EXPANSION

As a result of a public hearing duly advertised for the purpose of the consideration of extending the Upper Greenbrier Valley Public Service District area, and there being no objections or exceptions filed thereto, either in person or in writing, it is the decision of the Commission and same is hereby ORDERED that the revised Upper Greenbrier Valley Public Service District boundaries shall be as follows, to-wit:

The Town of Durbin, and from the east town line, a line 600 yards north of the center line of U. S. Highway 250 to the Greenbrier River at the Hermitage Motel in Bartow. Thence a line running 100 yards east of State Route 28 centerline to State Secondary Route 28/33. Thence a line running 100 yards west of State Route 28 centerline to the Secondary Road known as the Old Pike Road. Thence, westerly along the Old Pike Road back to the east line of the Town of Durbin.

A copy of the Revised Map of 11/82 is placed of record in Pocahontas County Commission File #1300, along with Publisher's Certificates.

IN RE: INVOICES APPROVED

General County Fund	-	3605 - 3649
Magistrate Court Fund	-	814 - 817
Revenue Sharing Fund	-	1729 - 1732
Jail Improvement Fund	-	429 - 431

ORDERED THAT THIS COMMISSION BE ADJOURNED, SINE DIE.

Walter D. Helmick

 WALTER D. HELMICK, President

At a Special Session of the County Commission of Pocahontas County, West Virginia, held at the Courthouse thereof, on Saturday, February 26, 1983.

1982

Public Notices

~~Legal Notice in Pocahontas County~~

LEGAL NOTICE

The Upper Greenbrier Public Service District intends to request the Pocahontas County Commission to amend the Upper Greenbrier Public Service District to include the area now served east of Greenbrier River at the Hermitage Motel in Bartow. One additional customer may be served.

The revised Public Service District boundaries would then be described as including: the town of Durbin, and from the east town line, a line 600 yards north of the center line of U. S. Highway 250 to the Greenbrier River at the Hermitage Motel in Bartow. Thence a line running 100 yards east of State Route 28 centerline to State Secondary Route 28/33. Thence a line running 100 yards west of State Route 28 centerline to the Secondary Road known as the Old Pike Road. Thence, westerly along the Old Pike Road back to the east line of the town of Durbin.

Any comments should be in writing to the Upper Greenbrier Public Service District, Frank, West Virginia. 9-16-82

LEGAL NOTICE

The Upper Greenbrier Public Service District intends to request the Pocahontas County Commission to amend the Upper Greenbrier Public Service District to include the area now served east of Greenbrier River at the Hermitage Motel in Bartow. One additional customer may be served.

The revised Public Service District boundaries would then be described as including: the town of Durbin, and from the east town line, a line 600 yards north of the center line of U. S. Highway 250 to the Greenbrier River at the Hermitage Motel in Bartow. Thence a line running 100 yards east of State Route 28 centerline to State Secondary Route 28/33. Thence a line running 100 yards west of State Route 28 centerline to the Secondary Road known as the Old Pike Road. Thence, westerly along the Old Pike Road back to the east line of the town of Durbin.

Any comments should be in writing to the Upper Greenbrier Public Service District, Frank, West Virginia. 9-23-82

Pocahontas Times

September 16 and 23, 1982

A TRUE COPY; Certified this 16th day of April, 1997

Patricia D Dunbarck, Clerk
POCAHONTAS COUNTY COMMISSION
Martinton, West Virginia 24954

By Jay E Felt, Deputy

4/21/1997

BEFORE THE COUNTY COMMISSION OF POCAHONTAS COUNTY

RESOLUTION AND ORDER *NUNC PRO TUNC* CREATING
UPPER GREENBRIER PUBLIC SERVICE DISTRICT

WHEREAS, on February 1, 1972, the County Commission of Pocahontas County, West Virginia, entered an order proposing the creation of Upper Greenbrier Public Service District;

WHEREAS, the County Commission of Pocahontas County believes, and notes and other documents of the Commission reflect, that, on or about March 1, 1972, this County Commission entered an order creating the Upper Greenbrier Public Service District, however, a copy of such order cannot be located;

WHEREAS, Upper Greenbrier Public Service District is the only operating Public Service District in Pocahontas County and has been providing water to the communities of Durbin, Frank, and Bartow and the surrounding areas for approximately fifteen years;

WHEREAS, the attached affidavit from Senator Walt Helmick, President of the County Commission of Pocahontas County from 1977 to 1986, confirms that this Commission did enter an order creating Upper Greenbrier Public Service District.

WHEREAS, the Public Service Commission of West Virginia confirmed the creation of Upper Greenbrier Public Service District by this County Commission in the County Plan which the Public Service Commission approved by Final Order on July 23, 1991; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order *nunc pro tunc* creating Upper Greenbrier Public Service District.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED; by the County Commission of Pocahontas County as follows:

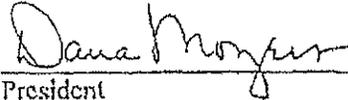
1. That the County Commission of Pocahontas County, West Virginia, does hereby create Upper Greenbrier Public Service District.

2. That the Clerk of the County Commission of Pocahontas County shall cause a copy of this resolution and order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days following the adoption hereof.

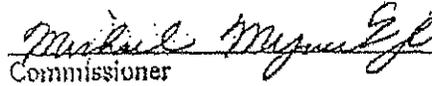
Entered *NUNC PRO TUNC* in the permanent record of Pocahontas County, West Virginia, this 1st day of March, 1972.

Executed on the 21st day of April, 1997.

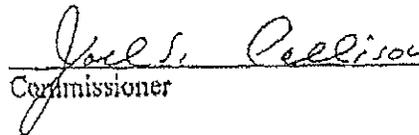
COUNTY COMMISSION OF
POCAHONTAS COUNTY, WEST VIRGINIA



President



Commissioner



Commissioner

ATTEST:



Clerk

04/18/97
UGS.A3
924720\94001

4/18/97

AFFIDAVIT OF WALT HELMICK

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

Walt Helmick being first duly sworn comes now and says:

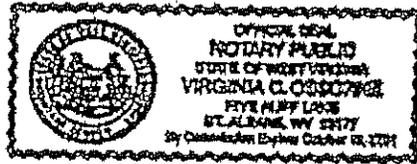
1. That I am Walt Helmick, an adult over the age of 18, and I am a resident of Marlinton, Pocahontas County, West Virginia.
2. That, from 1977 to 1989, I served as a Commissioner for the County Commission of Pocahontas County.
3. During my tenure on the County Commission of Pocahontas County, I served as President.
4. That, during my tenure as County Commissioner, I remember and recall seeing documents of the County Commission of Pocahontas County ordering the creation of Upper Greenbrier Public Service District.
5. That, during my tenure as County Commissioner, I remember and recall the Commission entering an order expanding Upper Greenbrier Public Service District to include the Town of Durbin.

Further Affiant Saith Not

Walt Helmick
Walt Helmick

Taken, subscribed, and sworn to before me this 18th day of April, 1997.

My commission expires: October 16, 2001



Virginia C. Osborne
Notary Public

(NOTARIAL SEAL)

924720/94001VAFFADIV1

4/21/97

BEFORE THE COUNTY COMMISSION OF POCAHONTAS COUNTY

RESOLUTION AND ORDER *NUNC PRO TUNC* EXPANDING THE BOUNDARIES OF UPPER GREENBRIER PUBLIC SERVICE DISTRICT TO INCLUDE THE Town of Durbin

WHEREAS, on June 5, 1979, the County Commission of Pocahontas County, West Virginia, at the request of the Mayor and Town Council of the Town of Durbin, entered an order proposing the expansion of the boundaries of Upper Greenbrier Public Service District to include the Town of Durbin and ordered that a public hearing be held on the 10th day of July, 1979, at a public meeting place in the Town of Durbin on the proposed expansion;

WHEREAS, this County Commission believes, and notes and other documents of the Commission and the Town of Durbin reflect, that such public hearing was held;

WHEREAS, this County Commission believes, and notes and other documents of the Commission and the Town of Durbin reflect, that an order was entered on or about July 10, 1979, expanding the boundaries of Upper Greenbrier Public Service District to include the Town of Durbin, however, a copy of such order cannot be located;

WHEREAS, Upper Greenbrier Public Service District is the only operating Public Service District in Pocahontas County and has been providing water to the communities of Durbin, Frank, and Bartow and the surrounding areas for approximately fifteen years;

WHEREAS, the attached affidavit from Senator Walt Helmick, President of the County Commission of Pocahontas County from 1977 to 1986, confirms that this Commission did enter an order expanding the boundaries of Upper Greenbrier Public Service District to include the Town of Durbin.

WHEREAS, the Public Service Commission of West Virginia confirmed the expansion of the boundaries of Upper Greenbrier Public Service District by this County Commission to include the Town of Durbin in the County Plan which the Public Service Commission approved by Final Order on July 23, 1991; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order *nunc pro tunc* expanding the boundaries of Upper Greenbrier Public Service District to include the Town of Durbin.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED, by the County Commission of Pocahontas County as follows:

1. That the County Commission of Pocahontas County, West Virginia, does hereby expand the boundaries of Upper Greenbrier Public Service District to include the Town of Durbin.

2. That the Clerk of the County Commission of Pocahontas County shall cause a copy of this resolution and order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days following the adoption hereof.

Entered *NUNC PRO TUNC* in the permanent record of Pocahontas County, West Virginia, this 10th day of July, 1979.

Executed on the 21st day of April, 1997.

COUNTY COMMISSION OF
POCAHONTAS COUNTY, WEST VIRGINIA

Dana Meyer
President

Michael Mays
Commissioner

James S. Coe
Commissioner

ATTEST:

Patricia B. Bunker
Clerk

04/18/97
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4/24/97

TOWN OF DURBIN

A RESOLUTION *NUNC PRO TUNC* CONSENTING TO THE INCLUSION OF
THE TOWN OF DURBIN WITHIN THE SERVICE AREA OF
UPPER GREENBRIER PUBLIC SERVICE DISTRICT

WHEREAS, the Upper Greenbrier Public Service District was expanded on or about July 10, 1979, to include within its boundaries the incorporated Town of Durbin;

WHEREAS, state law requires that all incorporated towns within the boundaries of a public service district consent to being included within such boundaries;

WHEREAS, this Council believes, and notes and other documents of the Council reflect, that such consent was given by resolution of the Town of Durbin shortly after the aforementioned expansion of Upper Greenbrier Public Service District and said consent has not been revoked or rescinded, however, a copy of such resolution cannot be found;

WHEREAS, this Council believes that the actual resolution was destroyed in floods which have occurred in the Town since the aforementioned expansion of Upper Greenbrier Public Service District; and

WHEREAS, it is now deemed desirable by said Council to adopt a resolution *nunc pro tunc* consenting to the inclusion of the Town of Durbin within the boundaries of Upper Greenbrier Public Service District, and confirming and ratifying the prior existence of said consent back to the date upon which the enlargement of the district was approved,

NOW, THEREFORE, BE IT, AND IT IS, RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DURBIN AS FOLLOWS:

1. That the Town of Durbin consents to its inclusion within the boundaries of Upper Greenbrier Public Service District.
2. That the Town of Durbin hereby ratifies and confirms that this Council adopted a Resolution shortly after the expansion of Upper Greenbrier Public Service District consenting to the Town of Durbin's inclusion within the boundaries of said District and that said Resolution has not been rescinded or revoked.
3. The Clerk of the Town of Durbin shall provide the Clerk of the County Commission of Pocahontas County a copy of this resolution.
4. The Clerk of the Town of Durbin shall cause a copy of this resolution to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten days following the adoption hereof.

Entered *NUNC PRO TUNC* into the permanent record of the Town of Durbin,
West Virginia, this 10th day of July, 1979.

Executed on the 24th day of April, 1997

TOWN OF DURBIN

John Basley
Mayor

Donna Rexeolo
Council Member

Sherry Cassell
Council Member

William C. Puccio
Council Member

Orren Siefert
Council Member

ATTEST:

Clerk

04/18/97
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Nov 19, 1997

ORIGINAL

ENTERED

974 Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
12-9-97

Entered: November 19, 1997

CASE NO. 96-1252-PSWD-PC

POCAHONTAS COUNTY COMMISSION

Petition for consent and approval to,
inter alia, expand the boundaries of
the Upper Greenbrier Public Service District.

RECOMMENDED DECISION

On October 1, 1996, April 24, 1997, and May 6, 1997, the Pocahontas County Commission issued orders taking various actions regarding the Upper Greenbrier Public Service District, the Little Levels Public Service District and the Cheat Mountain Public Service District.

By Order dated November 18, 1996, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before May 5, 1997. By Order dated April 11, 1997, the decision due date was extended until August 4, 1997. By subsequent Order dated July 21, 1997, the decision due date was further extended until December 3, 1997.

On September 9, 1997, Staff Attorney Ronald E. Robertson, Jr., Esquire, filed the Final Joint Staff Memorandum, to which was attached the Further Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division. Messrs. Robertson and Boggess explained that, in its petition in this case, the Pocahontas County Commission seeks consent and approval for (1) the expansion of the Upper Greenbrier Public Service District into a county-wide public sewer and water district, to be known as the Pocahontas County Public Service District, and to include all of Pocahontas County, excluding the corporate limits of the Towns of Marlinton and Hillsboro and certain tracts of land held by Intrust, commonly known as Snowshoe and Silver Creek Resorts; (2) the Pocahontas County Commission's munc pro tunc creation of the Upper Greenbrier Public Service District and the expansion of its boundaries to include the Town of Durbin; and (3) the dissolution of the Little Levels and Cheat Mountain Public Service Districts.

After setting forth a lengthy chronology of events occurring in this case, Staff set forth its recommendations in this case to be as follows:

- 1) Approval of a county-wide district for water service, excluding the corporate limits of the Towns of Marlinton and Hillsboro and certain tracts of land held by Intrust, commonly known as Snowshoe and Silver Creek Resorts;
- 2) Approval of a sewer district, limited to the East Cass area;

MSM

- 3) Approval to change the name of Upper Greenbrier Public Service District to Pocahontas County Public Service District, subject to bondholder approval;
- 4) Approval for the dissolution of the Little Levels and Cheat Mountain Public Service Districts;
- 5) Approval of the nunc pro tunc creation of the Upper Greenbrier Public Service District and the nunc pro tunc expansion of the District to include the Town of Durbin; and
- 6) A public hearing be held as required by West Virginia Code §16-13A-2 in Pocahontas County.

By Order dated September 11, 1997, this matter was set for a hearing to be held in the Council Room, Marlinton, West Virginia, on September 29, 1997. In a letter received September 12, 1997, the Pocahontas Commission requested that the hearing scheduled for the Council Room be changed to the Pocahontas County Commission Room, Pocahontas County Courthouse.

By Order dated September 16, 1997, the hearing in this matter was scheduled to be held in the Pocahontas County Commission Room, Pocahontas County Courthouse, 900 10th Avenue, Marlinton, West Virginia, on September 29, 1997. Said Order also required that the Pocahontas County Commission give notice of the hearing to be held on September 29, 1997, by publishing a copy of a Notice of Hearing, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Pocahontas County.

The hearing was held as scheduled on September 29, 1997, in Marlinton. The Pocahontas County Commission appeared by Walter Weiford, Esquire. Staff was represented by Staff Attorney Ronald E. Robertson, Jr. One Intervenor, Mr. John Leyzorek, appeared at the hearing. Prior to the receipt of evidence, the County Commission provided the affidavit of publication giving notice of the hearing. The affidavit was marked as Petitioner's Exhibit No. 1.

EVIDENCE

Mr. Dana Moyers, President of the Pocahontas County Commission (County Commission), explained that the Pocahontas County Commission decided that it was important for the County Commission to have the ability to be able to expand the infrastructure of Pocahontas County to address the inadequacy of water and sewer service in certain areas of Pocahontas County. In August 1996, the Pocahontas County Commission first proposed to expand the Upper Greenbrier Public Service District (Upper Greenbrier). Publication was made and notice given of the hearing to be held for this purpose on August 20, 1996. At the hearing held on August 20, 1996, public comment was received concerning the expansion. After receiving the public's comments, the County Commission decided to proceed, but, in September 1996, the Pocahontas County Commission voted to hold additional hearings. Since Pocahontas County is a rural county, it wanted to make sure that everyone was given an opportunity to express themselves concerning this proposal. At a meeting held in September 1996, further comments were received both pro and con to the

proposal. On October 1, 1996, the Pocahontas County Commission adopted a proposal for the expansion of the Upper Greenbrier Public Service District into a county-wide water and sewer public service district and filed its petition with the Public Service Commission, in accordance with the provisions of West Virginia Code §16-13A-2. (See, Tr., pp. 5-10).

Mr. Moyers explained that the Little Levels and Cheat Mountain Public Service Districts had been created, but were never activated nor held any property. Therefore, it was decided that, since these "paper" public service districts do not have board members, they should be dissolved. In April 1996, after correspondence between bond counsel for the Upper Greenbrier Public Service District and the Public Service Commission, the Pocahontas County Commission took action to expand the boundaries of the Upper Greenbrier Public Service District to include the Town of Durbin. Also, in May of 1996, the Pocahontas County Commission further ordered that the name be changed to the Pocahontas County Public Service District. The board members of the Upper Greenbrier Public Service District are Mr. William Kisner, Ms. June Elliott and Mr. William Rexroad. The Upper Greenbrier Public Service District provides both water and sewer service to its customers. (See, Tr., pp. 10-19).

With the testimony of Mr. Moyers, the Petitioner had no further evidence to present and Commission Staff presented its evidence in this case.

Mr. James Boggess, Utilities Analyst, Water and Wastewater Division, prepared the Further Internal Memorandum which was marked as Staff Exhibit No. 1. In its petition, Mr. Boggess indicated that the Pocahontas County Commission proposes creating both county-wide water and sewer public service districts. After reviewing the proposal of the Pocahontas County Commission, Staff recommended that a county-wide public service district be approved for water service to include the entire county, excluding those areas that are currently being served by existing water utilities, including the Town of Marlinton, which actually provides service outside of its corporate limits to a hospital. The hospital has its own sewer package plant. In making Staff's recommendation concerning sewer service, Mr. Boggess explained that Staff was reluctant to incorporate an area within the boundaries of the sewer district that could possibly create a liability for the public service district in the future if the West Virginia Department of Environmental Protection (DEP) or the United States Environmental Protection Agency (USEPA) would order improvements or corrections and the county-wide sewer district would have to make the changes. (Tr., pp. 19-24).

The Staff's recommendation for the sewer district was to limit it to the East Cass area. Mr. Boggess testified that he was informed that there is a preliminary application for a sewer project for this area. Mr. Boggess had been told by the President of the Pocahontas County Commission that, due to recent flooding, the Federal Emergency Management Agency (FEMA) is proposing some action to either raise the homes in the East Cass area or move the entire community to higher ground which would directly impact the sewer service. At a meeting that Staff had with the Pocahontas County Commission, the County Commission was advised of the procedure to expand districts under West Virginia Code §16-13A-2, and for the dissolution of

"paper" public service districts. Mr. Boggess did not wish to change the Staff's recommendation about limiting sewer service to the East Cass area of Pocahontas County. (See, Tr., pp. 24-26).

Mr. Boggess indicated that most county-wide public service districts are named for the county. The reason for Staff's recommendation to change the name is that it removes any confusion, as in this case, where the Upper Greenbrier Public Service District actually includes all of Pocahontas County. The Little Levels and Cheat Mountain Public Service Districts had been created by the Pocahontas County Commission, but never activated. These districts never held any property and never had a project or board members. Since these were pure "paper" public service districts, they should be dissolved since there would be no impact on customers. (Tr., pp. 26-27).

Concerning Staff recommendations five and six, Mr. Boggess explained that, since the Pocahontas County Commission could not find the orders creating the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin, the Pocahontas County Commission created documents nunc pro tunc to reflect these actions. An affidavit indicated that the original documents had been seen by Mr. Walt Helmick, an earlier President of the Pocahontas County Commission, who signed the affidavit. Mr. Boggess indicated that there are facilities in place in the current Upper Greenbrier Public Service District for providing water service, but he did not know if the present or any proposed facilities are adequate to serve the entire county. He was aware of a proposed upgrade of the plant facility to provide expanded service. The East Cass area doesn't have any sewer service now. (Tr., pp. 27-34).

The only indebtedness that the Upper Greenbrier Public Service District has consists of two notes with the Bank of Marlinton, totaling \$12,000. He wasn't aware of any bonds that might be outstanding. Mr. Boggess indicated that the Upper Greenbrier Public Service District does not have any prefilings presently at the Commission. He was not aware of the number of water customers served by the Upper Greenbrier Public Service District. Staff Attorney Ronald Robertson stated that the Upper Greenbrier Public Service District has incurred long-term indebtedness with the Rural Economic Community Development Service (RECD) to fund line replacement and other improvements. This indebtedness was approved in P.S.C. Case No. 94-0775-PWD-CN. (See, Tr., pp. 34-37).

Mr. Dana Moyers further testified that the County Commission has no objection to the change in the public service district's name. However, the Pocahontas County Commission has some reservations about Staff's recommendation regarding limiting sewer service to the East Cass area, as the Pocahontas County Commission wants to have the ability to provide sewer service throughout the county where it is necessary and it can meet the engineering, financial and statutory requirements. Mr. Moyers explained that the East Cass area consists of approximately 40 residents and approximately half of these are in the flood plain, which recently experienced a flood. This area has been affected by the two floods that have hit the region. Mr. Moyers explained that FEMA has informed the Pocahontas County Commission about a mitigation program and the Pocahontas County Commission is completing the application for an East Cass mitigation

program. Under such a program, one of the available options is relocation, where the individual residents would be bought out and would be relocated, either in mass to keep the community together or the individual could move to any number of areas that are flood proof. In addition, the residents of East Cass could raise the foundations of their homes and stay where they are or do nothing. Since the application deadline isn't until November 30, 1997, the Pocahontas County Commission doesn't know what will be the ultimate fate for this community. (Tr., pp. 38-41).

The County Commission has offered to assist the East Cass residents by providing property, either giving property that it owns or trying to find a suitable parcel of land so that the community could stay together. However, Mr. Moyers did not feel that the County Commission could find thirty pieces of property. Even if it could, it would be difficult through the existing funding sources to put in thirty septic systems or thirty wells. The Upper Greenbrier Public Service District does provide sewer service to the community of Frank and the Town of Durbin and it is the Pocahontas County Commission's desire to be able to provide sewer service to the East Cass area, in addition to these other serviced areas. Therefore, Mr. Moyers testified that the Pocahontas County Commission opposes the Staff recommendation to limit its ability to provide sewer service to the East Cass area, as it does not want to limit itself because there may be other areas of the county that perhaps could be in the same position as East Cass, considering flooding situations and the growing tourism-based economy. The Pocahontas County Commission does not know what the demands are going to be in that area or the area of the ski resort and resort community, as well as other communities. He pointed out that there is a community in Buckeye, where there is a need for water and sewer service. Mr. Moyers believes that other communities will also step forward, at which time the County Commission will have to look at the numbers to see if there are enough people to pay for such a system. (See, Tr., pp. 41-45).

Mr. John Leyzorek made a sworn statement as an Intervenor in this action. Mr. Leyzorek represented that, at the hearings held on this matter, the public comment has been overwhelming opposed to the idea, although there were some who testified in favor. He did not believe that it is a good idea to create a public entity with powers such as eminent domain without a pressing immediate need, although he admitted that, in some areas, there may be a need. He did not believe that it was good to cover the entire county, which is lightly populated, with a "bureaucratic umbrella" and this seemed to him to be potentially dangerous and certainly unnecessary. Mr. Leyzorek pointed out that West Virginia Code §16-13A-2(g) provides that no expansion of a public service district may occur if existing or proposed facilities are not adequate to serve the proposed area. He believed that the implication of the law is that, if an area for a public service district is proposed, there needs to be facilities which can service the entire area and he did not see that there were such facilities or, to his knowledge, any plans to build any facilities to serve the entire county area. Intervenor's Exhibit No. 1 was received and introduced into evidence. (Tr., pp. 45-52).

With the testimony of Mr. Leyzorek, no further evidence was presented and the case was submitted for a decision.

A procedural schedule was established for the submission of briefs and reply briefs by the parties. No briefs were submitted by the parties in this case. (See, Tr., pp. 37-55; case file generally).

DISCUSSION

In its petition submitted for Public Service Commission approval, in accordance with West Virginia Code §16-13A-2, the Pocahontas County Commission requested that its following actions be approved:

1. The expansion of the Upper Greenbrier Public Service District into a county-wide public sewer and water district to include all of Pocahontas County, excluding the corporate limits of the Towns of Marlinton and Hillsboro, and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts;
2. The nunc pro tunc creation of the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin;
3. The dissolution of the Little Levels and Cheat Mountain Public Service Districts; and
4. The change of the name of the Upper Greenbrier Public Service District to the Pocahontas County Public Service District.

After a review of this petition, Commission Staff recommended (1) approval of a county-wide district for water service, excluding the corporate limits of the Towns of Marlinton and Hillsboro and the Snowshoe and Silver Creek Resorts; (2) that the sewer district be limited to the East Cass area of Pocahontas County; (3) approval of the change in the name of the Upper Greenbrier Public Service District to the Pocahontas County Public Service District; (4) the dissolution of the Little Creek and Cheat Mountain Public Service Districts; and (5) approval of the nunc pro tunc creation of the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin.

Mr. Dana Moyers, President of the Pocahontas County Commission, expressed the County Commission's objection to the sewer district being limited to the East Cass area. He explained that this area has about 40 residents and has been recently flooded. Because of the flooding, the Pocahontas County Commission is applying to FEMA for a mitigation program for the East Cass area, which could result in this community being moved to a new location out of the flood plain. The Pocahontas County Commission took the action to create county-wide water and sewer districts in order to give it the flexibility to meet the needs of Pocahontas County, which has a dynamic tourism-based economy. This action would enable the Pocahontas County Commission to expand the infrastructure to provide water and sewer service to those areas in which the service is now inadequate.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that, although the County Commission objects to being limited to only providing sewer service to the East Cass area, the Staff

recommendation has the best interests of the County Commission in mind, since Staff is reluctant to recommend creation of a large sewer district that gives more exposure for possible action by the DEP or USEPA that could expose the Pocahontas County Commission to potential liability to correct problems that might develop in the future. Although the future of the East Cass area may be in doubt, since this area does not have sewer service, it is reasonable to agree with Staff as to this limitation. If, in the future, other areas of need develop for sewer service, the County Commission can seek authority to serve these areas and keep the potential liability to only the areas of actual need. The creation of the county-wide water district does not pose the same liability problems as sewer and it will be approved. Therefore, different treatment of the two requests is appropriate.

In this present case, since there is not a metes and bounds description of the sewer district proposed by Staff, the expansion of the sewer district must be disapproved until the Pocahontas County Commission has an appropriate description of the sewer district proposed for the East Cass area and approved by separate Pocahontas County Commission order.

The Administrative Law Judge is of the opinion that, since the Little Levels and Cheat Mountain Public Service Districts were never activated and do not have customers, it is reasonable to approve the dissolution of these two public service districts.

Since a former president of the Pocahontas County Commission, Mr. Walt Helmick, signed an affidavit that he had seen the missing documents creating the Upper Greenbrier Public Service District and its subsequent inclusion of the Town of Durbin, the Pocahontas County Commission's nunc pro tunc creation of these documents should be approved to provide a record of these actions.

The Staff recommendation for approval of the name change of the Upper Greenbrier Public Service District to become the Pocahontas County Public Service District is reasonable to eliminate confusion, since the Upper Greenbrier Public Service District water utility will include all of Pocahontas County. Also, now is the time to change the name when the county-wide public service district is created and new invoices will need to be printed by the District to bill its customers.

FINDINGS OF FACT

1. On October 1, 1996, April 24, 1997, and May 6, 1997, the Pocahontas County Commission issued orders taking various actions regarding the Upper Greenbrier Public Service District, the Little Levels Public Service District and the Cheat Mountain Public Service District. (See, petition).

2. On September 9, 1997, Staff Attorney Ronald E. Robertson filed the Final Joint Staff Memorandum, to which was attached the Further Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division, in which Staff recommended: 1) approval of a county-wide public service district for water to exclude the corporate limits of Marlinton, Hillsboro and the Snowshoe area; 2) approval of a sewer public service district limited to the East Cass area; 3) that the name of the Upper Greenbrier Public Service District be changed to Pocahontas County

Public Service District; 4) that the Little Levels and Cheat Mountain Public Service Districts be dissolved; 5) and that approval be granted to the nunc pro tunc creation of the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin. (See, Final Joint Staff Memorandum filed September 9, 1997).

3. Mr. Dana Moyers, President of the Pocahontas County Commission, testified that the Pocahontas County Commission decided that it needed to expand the boundaries of the Upper Greenbrier Public Service District to give it the ability to expand the Pocahontas County infrastructure in order to address the inadequacies in the water and sewer service being provided in certain areas. (See, Tr., pp. 5-11).

4. The East Cass area consists of 40 residents and one-half of these live in a flood plain. The East Cass area has no sewer service at this time. (See, Tr., pp. 34, 40).

5. The Pocahontas County Commission has applied to FEMA for a mitigation program for the East Cass area, which, if approved, would provide two options of either flood proofing the houses in the area or complete relocation of the community, to a new location out of the flood plain in Pocahontas County. (See, Tr., p. 40).

6. Mr. James Boggess testified that Staff was reluctant to recommend a county-wide sewer authority and incorporate a large area within the sewer boundaries which could possibly create a liability for the public service district in the future if the DEP or USEPA should order improvements, since a county-wide sewer district would be the legal entity to make the changes. (See, Tr., pp. 24, 36).

CONCLUSIONS OF LAW

The Administrative Law Judge is of the opinion and finds that:

1. Since the Little Levels and Cheat Mountain Public Service Districts were never activated by the Pocahontas County Commission and have no board members or customers, it is reasonable to dissolve these public service districts.

2. Due to the potential future liability of the Pocahontas County Commission arising from action by the DEP or USEPA, it is reasonable to deny the Pocahontas County's request to create a county-wide sewer district and to adopt the Staff recommendation that the expansion of the sewer district be limited to the East Cass area. However, since there is no metes and bounds or other legal description of the sewer district proposed by Staff, the current order of the Pocahontas County Commission creating the county-wide sewer district should be disapproved and the Pocahontas County Commission should have a metes and bounds or other legal description of the Staff's proposed sewer district prepared and approved by separate County Commission order.

3. Since the original documents creating the Upper Greenbrier Public Service District and expanding it to include the town of Durbin were observed by Mr. Walt Helmick, the nunc pro tunc action of the Pocahontas

County Commission creating the Upper Greenbrier Public Service District and its subsequent inclusion of the Town of Durbin should be approved.

4. Since the Pocahontas County Commission has determined that there are areas of need for water service throughout Pocahontas County, it is reasonable to approve a county-wide water district to give the Pocahontas County Commission the ability to meet these needs.

ORDER

IT IS, THEREFORE, ORDERED that the October 1, 1996, April 24, 1997, and May 6, 1997 orders of the Pocahontas County Commission, be, and the same hereby are, approved, insofar as they provide for: 1) the expansion of the Upper Greenbrier Public Service District to include a county-wide public water district, excluding the corporate limits of the Town of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts; the change in the name of the Upper Greenbrier Public Service District to the Pocahontas County Public Service District; the nunc pro tunc creation of the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin; and the dissolution of the Little Levels and Cheat Mountain Public Service Districts.

IT IS FURTHER ORDERED that the October 1, 1996, and May 6, 1997 orders of the Pocahontas County Commission, creating a county-wide public sewer district, be, and the same hereby are, disapproved.

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.

RWG:pst


Robert W. Glass
Administrative Law Judge

ENTERED
98C

ORIGINAL
February 4, 1998

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 4th day of February, 1998.

CASE NO. 96-1252-PSWD-PC

POCAHONTAS COUNTY COMMISSION
Petition for consent and approval
to expand boundaries of Upper
Greenbrier Public Service District.

COMMISSION ORDER
PROCEDURE AND HISTORY

On October 1, 1996, April 24, 1997, and May 6, 1997, the Pocahontas County Commission issued orders taking various actions regarding the Upper Greenbrier Public Service District, the Little Levels Public Service District and the Cheat Mountain Public Service District.

On October 9, 1996, on its own motion by order duly adopted, the Pocahontas County Commission filed a petition seeking consent and approval for (1) the expansion of the Upper Greenbrier Public Service District into a county-wide public water and sewer district, to be known as the Pocahontas County Public Service District, and to include all of Pocahontas County, excluding the corporate limits of the Towns of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver

Public
Service
Commission
of
West
Virginia

Creek Resorts; (2) the Pocahontas County Commission's nunc pro tunc creation of the Upper Greenbrier Public Service District and the expansion of its boundaries to include the Town of Durbin; and (3) the dissolution of the Little Levels and Cheat Mountain Public Service Districts.

On November 19, 1997, the Administrative Law Division entered a Recommended Decision approving the expansion of the Upper Greenbrier Public Service District to include a county-wide public water district, excluding the corporate limits of the Town of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts; the change in the name of the Upper Greenbrier Public Service District to the Pocahontas County Public Service District; the nunc pro tunc creation of the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin; and the dissolution of the Little Levels and Cheat Mountain Public Service Districts. The creation of a county-wide public sewer district was not approved because creating a county-wide sewer system could possibly create a liability for the public service district in the future, if the DEP or USEPA should order improvements, since a county wide sewer district would be the legal entity to make the changes.

On December 23, 1997, John Leyzorek, an intervenor in this case, filed a letter requesting the Commission reconsider the Recommended Decision. He did not state a reason for his untimely filing, the letter was returned to him, and he was told he should file a letter stating the circumstances for his late filing. He sent another letter on January 8, 1998 without reference to his reason for late filing. On January 15, he filed a third letter stating the tardiness of his filing was due to the U. S. Certified Mail service.

DISCUSSION

Having reviewed Mr. Leyzorek's letter and the reason for his tardiness in responding to the Recommended Decision, his petition for reconsideration is denied. Mr. Leyzorek's first petition for reconsideration, received December 23, 1997, was received two (2) weeks after the Recommended Decision became a final order of the Commission and Mr. Leyzorek, in his subsequent petitions, received on January 8, 1998 and January 15, 1998, did not state a satisfactory reason for his tardiness in filing, even after speaking with the Executive Secretary's Office. Due to the untimeliness of his responses the petition is denied.

However, the Commission, on its own motion, chooses to reopen this case in order to reconsider granting the Pocahontas County Commission approval of a county-wide public sewer district, excluding the corporate limits of the Towns of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts. Upon review of the record and Recommended Decision, the Commission finds that creation of a county-wide public sewer district would give the Pocahontas County Commission flexibility necessary to meet the needs of Pocahontas County, which has a dynamic tourism-based economy. A county-wide public sewer district would enable the Pocahontas County Commission to expand the infrastructure to provide sewer as well as water service to those areas in which the service is now inadequate. Upon consideration of the above, and Commission Staff's reluctance to recommend the county-wide public sewer district, the Commission finds the benefits of a county-wide system outweigh the possibility of liability and find it reasonable to approve the county-wide public sewer district in addition to the already approved county-wide public water district.

FINDINGS OF FACT

1. Mr. Leyzorek's responses to the Recommended Decision were not timely nor did they adequately detail a reason for their untimeliness. (See, petitions)

2. There is a possibility that a county-wide sewer authority could create a liability for the public service district in the future if the DEP or USEPA should order improvements, since a county wide sewer district would be the legal entity to make the changes. (See, Tr., pp. 24, 36).

3. The creation of a county-wide public sewer district would give the Pocahontas County Commission flexibility necessary to meet the needs of Pocahontas County, which has a dynamic tourism-based economy. (See, Tr., pp. 42-44).

4. A county-wide public sewer district would enable the Pocahontas County Commission to expand the infrastructure to provide sewer service to those areas in which the service is now inadequate. (See, Tr., pp. 5-11).

CONCLUSIONS OF LAW

Approving the Pocahontas County Commission's petition to create a county-wide public sewer district, giving the Commission the flexibility necessary to meet the needs of Pocahontas County, which has a dynamic tourism-based economy,

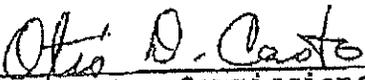
and enabling the Commission to expand the infrastructure to provide service to those areas in which the service is now inadequate outweighs the possibility of liability resulting from such county-wide expansion.

ORDER

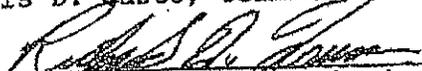
IT IS THEREFORE ORDERED that due to the untimeliness of Mr. Layzorek's responses to the Recommended Decision, his petition for reconsideration is denied.

IT IS FURTHER ORDERED that the Pocahontas County Commission's petition for approval of a county-wide public sewer district, excluding the corporate limits of the Towns of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts is granted.

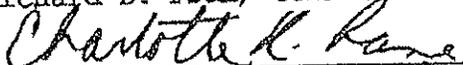
IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon the Commission by hand delivery.



Otis D. Casto, Commissioner



Richard D. Frum, Commissioner



Charlotte R. Lane, Chairman

Mar. 13, 1998
ORIGINAL

ENTERED
OB 98E Page _____

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 13th day of March, 1998.

CASE NO. 96-1252-PSWD-PC

POCAHONTAS COUNTY COMMISSION
Petition for consent and approval
to expand boundaries of Upper
Greenbrier Public Service District.

COMMISSION ORDER

PROCEDURE AND HISTORY

On October 9, 1996, on its own motion by order duly adopted, the Pocahontas County Commission filed a petition seeking consent and approval for (1) the expansion of the Upper Greenbrier Public Service District into a county-wide public water and sewer district, to be known as the Pocahontas County Public Service District, and to include all of Pocahontas County, excluding the corporate limits of the Towns of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts; (2) the Pocahontas County Commission's nunc pro tunc creation of the Upper Greenbrier Public Service District and the expansion of its boundaries to include the Town of Durbin; and (3) the dissolution of the Little Levels and Cheat Mountain Public Service Districts.

On November 19, 1997, the Administrative Law Division entered a Recommended Decision approving the expansion of the Upper Greenbrier Public Service District to include a county-wide public water district, excluding the corporate limits of the Town of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts; the change in the name of the Upper Greenbrier Public Service District to the Pocahontas County Public Service District; the *nunc pro tunc* creation of the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin; and the dissolution of the Little Levels and Cheat Mountain Public Service Districts. The creation of a county-wide public sewer district was not approved because creating a county-wide sewer system could possibly create a liability for the public service district in the future, if the DEP or USEPA should order improvements, since a county wide sewer district would be the legal entity to make the changes.

On December 23, 1997, John Leyzorek, an intervenor in this case, filed a letter requesting the Commission reconsider the Recommended Decision.

On February 4, 1998, the Public Service Commission reconsidered the Recommended Decision entered on December 23, 1997 and approved the Pocahontas County Commission's petition to create a county-wide public sewer district. The Commission determined that giving the Pocahontas County Commission a county-wide sewer system would afford the Commission the flexibility necessary to meet the needs of Pocahontas County, which has an dynamic tourism based economy, and, further it would enable the Commission to expand the infrastructure to provide service to those areas in which the service is now inadequate.

On February 5, 1998, John Leyzorek filed exceptions to the February 4, 1998 Commission Order alleging the reason for the denial of his petition, his untimely filing of his petition for reconsideration on December 23, 1997, was in error. He states he had good reason for his untimeliness. However, his point is moot, as the Commission, on its own motion chose to reopen the case for reconsideration. Upon review of the entire case, the Commission determined that the Pocahontas County Commission's petition to expand the Upper Greenbrier Public Service District into a county-wide public water and sewer district, to be known as the Pocahontas

County Public Service District is reasonable.

DISCUSSION

Having reviewed Mr. Leyzorek's letter of February 10, 1998, and finding no compelling reason to reconsider this matter, the Commission will dismiss this petition.

FINDINGS OF FACT

1. On October 9, 1996, on its own motion by order duly adopted, the Pocahontas County Commission filed a petition seeking consent and approval for (1) the expansion of the Upper Greenbrier Public Service District into a county-wide public water and sewer district, to be known as the Pocahontas County Public Service District, and to include all of Pocahontas County, excluding the corporate limits of the Towns of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts; (2) the Pocahontas County Commission's nunc pro tunc creation of the Upper Greenbrier Public Service District and the expansion of its boundaries to include the Town of Durbin; and (3) the dissolution of the Little Levels and Cheat Mountain Public Service Districts.

2. On November 19, 1997, the Administrative Law Division entered a Recommended Decision approving the expansion of the Upper Greenbrier Public Service District to include a county-wide public water district, excluding the corporate limits of the Town of Marlinton and Hillsboro and certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts; the change in the name of the Upper Greenbrier Public Service District to the Pocahontas County Public Service District; the nunc pro tunc creation of the Upper Greenbrier Public Service District and its subsequent expansion to include the Town of Durbin; and the dissolution of the Little Levels and Cheat Mountain Public Service Districts. The creation of a county-wide public sewer district was not approved because creating a county-wide sewer system could possibly create a liability for the public service district in the future, if the DEP or USEPA should order improvements, since a county wide sewer district would be the legal entity to make the changes.

3. On February 4, 1998, the Public Service Commission reconsidered the Recommended Decision entered on December 23, 1997 and approved the Pocahontas County Commission's petition to create a county-wide public sewer district.

4. Mr. Leyzorek's point is moot, as the Commission, on its own motion chose to reopen the case for reconsideration. Upon review of the entire case, the Commission determined that the Pocahontas County Commission's petition to expand the Upper Greenbrier Public Service District into a county-wide public water and sewer district, to be known as the Pocahontas County Public Service District is reasonable.

CONCLUSION OF LAW

The Pocahontas County Commission's petition to expand the Upper Greenbrier Public Service District into a county-wide public water and sewer district, to be known as the Pocahontas County Public Service District is reasonable and the Commission finds no compelling reason has been offered to reconsider the matter.

ORDER

IT IS THEREFORE ORDERED that Mr. Leyzorek's petition for reconsideration is denied.

IT IS FURTHER ORDERED that the Commission's Executive

Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon the Commission by hand delivery.

Otis D. Casto
Otis D. Casto, Commissioner

Richard D. Frum
Richard D. Frum, Commissioner

Charlotte R. Lane
Charlotte R. Lane, Chairman

OCT 19, 2004

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: October 19, 2004

FINAL
11-08-04

CASE NO. 04-0273-PSD-PC

POCAHONTAS COUNTY COMMISSION

Petition for consent and approval of the enlargement of the sewer authority of the Pocahontas County Public Service District.

RECOMMENDED DECISION

On February 24, 2004, the Pocahontas County Commission (County Commission) filed an Order dated February 17, 2004, to enlarge the boundaries of the Pocahontas County Public Service District (District), pursuant to West Virginia Code §16-13A-2.

By Order dated March 23, 2004, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before September 21, 2004.

On April 28, 2004, Staff Attorney Cassius H. Toon filed a Final Joint Staff Memorandum, to which was attached the Final Internal Memorandum, prepared by Mr. Scott McNeely, Utilities Analyst II, Water and Wastewater Division. The County Commission seeks to expand the boundaries of the District to provide sewer services to certain tracts of land held by Intrawest, commonly known as Snowshoe and Silver Creek Resorts. Currently, the District has county-wide sewer authority, excluding the corporate limits of the Towns of Durbin, Marlinton, Hillsboro and the proposed Intrawest land. The proposed adjustment of the boundaries would allow expansion of the District's system to provide sewer service to a number of customers within the Snowshoe and Silver Creek Resorts and surrounding areas. The District will be filing a certificate application for a sewer plant project to serve Snowshoe, Silver Creek and the surrounding areas. Staff recommended that the Order of the County Commission be approved, after the statutorily required Public Service Commission hearing is held.

By Order dated May 5, 2004, this matter was set for hearing to be held in the Marlinton City Building, Council Chambers, 209 2nd Avenue, Marlinton, West Virginia, on May 28, 2004. Said Order required the Pocahontas County Commission to give notice of the hearing to be held on May 28, 2004, by publishing a Notice of Hearing once, in a newspaper duly qualified by the Secretary of State, published and of general circulation in Pocahontas County.

On May 25, 2004, Thomas R. Michael, Esquire, counsel for the Pocahontas County Public Service District, filed a motion for

4. The Pocahontas County Commission gave proper notice of the hearing to be held on September 14, 2004, as required by the Order of August 24, 2004. (See, affidavit of publication; case file).

5. No one appeared at the hearing in protest to the Pocahontas petition. (See, Tr., p. 7).

CONCLUSION OF LAW

Since the Pocahontas County Commission gave proper notice of the hearing to be held in this case on September 14, 2004, and no one appeared in protest to the petition, the February 17, 2004 Order of the Pocahontas County Commission to enlarge the boundaries of the Pocahontas County Public Service District can be approved in accordance with West Virginia Code §16-13A-2.

ORDER

IT IS, THEREFORE, ORDERED that the Pocahontas County Commission's Order of February 17, 2004, to enlarge the boundaries of the Pocahontas County Public Service District be, and the same hereby is, approved.

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

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

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

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


Robert W. Glass
Administrative Law Judge

RWG:pst
040273ac.wpd

Dec 16, 2008

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION

WHEREAS, Pocahontas County Public Service District (the "Issuer") was previously known as "Upper Greenbrier Public Service District";

WHEREAS, by Commission Order entered on March 13, 1998 (the "Order"), the Public Service Commission of West Virginia ordered the name of the District to be changed to "Pocahontas County Public Service District";

WHEREAS, in accordance with the Order, the District has operated under the name Pocahontas County Public Service District since the entry of the Order;

WHEREAS, the District now desires to recognize bondholder consent to the name change and ratify and affirm all actions taken by the District to date as Pocahontas County Public Service District;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT:

Section 1. The District has received the bondholder consents related to the change of the District's name to Pocahontas County Public Service District.

Section 2. All actions of the District heretofore taken as Pocahontas County Public Service District are ratified and affirmed, and remain in full force and affect.

Section 3. This Resolution shall be effective immediately following adoption hereof.

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Adopted this 16th day of December, 2008.

POCAHONTAS COUNTY
PUBLIC SERVICE DISTRICT

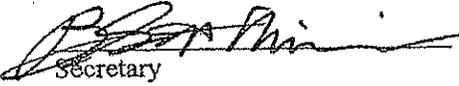
By: William C. Revode
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Pocahontas County Public Service District on the 16th day of December, 2008.

Dated: December 16, 2008

[SEAL]


Secretary

POCAHOTNAS COUNTY PUBLIC SERVICE DISTRICT

Amon Tracey (six year term appointed 06-16-09)

David Litsey (six year term appointed 08-17-10)

Tom Shipley (appointed 12-15-09 to unexpired term of Scott Millican-
Scott Millican was appointed 09-05-06 to unexpired six year term of
Calvin Hill)

WV Code 18-13A-1

06/30/15

06/30/16

06/30/12

Tom Shipley Chairman PSD Board
Amon Tracey Secretary PSD Board
David Litsey Board member.

POCAHONTAS COUNTY COMMISSION

900 TENTH AVENUE
MARLINTON, WV 24954
Telephone: (304)799-6063 Fax: (304)799-3977

**NOTICE
BOARD OF REVIEW AND EQUALIZATION HEARINGS**

The County Commission of Pocahontas County, West Virginia, in its capacity as the Board of Review and Equalization will convene on the following dates and times for the purpose of reviewing and equalizing assessments made by the Assessor.

Friday, January 29, 2010, 9:00 a.m.
County Commission Office
Pocahontas County Courthouse-Marlinton

Tuesday, February 2, 2010, 9:00 a.m.
County Commission Office
Pocahontas County Courthouse-Marlinton

Friday, February 5, 2010, 9:00 a.m.
County Commission Office
Pocahontas County Courthouse-Marlinton

Tuesday, February 9, 2010, 9:00 a.m.
County Commission Office
Pocahontas County Courthouse-Marlinton

Friday, February 12, 2010, 9:00 a.m.
County Commission Office
Pocahontas County Courthouse-Marlinton

Tuesday, February 16, 2010, 9:00 a.m.
County Commission Office
Pocahontas County Courthouse-Marlinton

The Commission requests that appointments be made prior to these dates. To schedule an appointment, please call the Pocahontas County Clerk at 304-799-4549 between the hours of 9:00 a.m. and 4:30 p.m. Monday through Friday.

Pocahontas County Commission

IN RE: POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT APPOINTMENT OF MEMBER FOR UNEXPIRED TERM OF SCOTT MILLICAN ON JUNE 30, 2012

Upon a motion made by Commissioner Saffer, seconded by Commissioner Fleming, the Commission voted 2-1 to appoint Tom Shipley to serve on the board of the Pocahontas County Public Service District for the unexpired term of Scott Millican on June 30, 2012. Commissioner Griffith cast the negative vote. ✓

IN RE: MOUNTAIN VALLEY COALITION PROPOSED RE-OPENING OF SLATYFORK QUARRY

The appointment for Mountain Valley Coalition to discuss the proposed re-opening of the Slatyfork Quarry was canceled prior to today's meeting and no action was taken on the matter.

IN RE: MAMMOGRAMS AND CERVICAL SCREENINGS

The Commission unanimously voted to adopt a Resolution in support of Regular Mammograms and Cervical Screenings. The motion was made by Commissioner Fleming, and seconded by Commissioner Griffith. Commissioner Griffith stated that she would prepare the Resolution for execution by the Commission.

At a Regular Session of the Pocahontas County Commission held at the Courthouse situate in Marlinton, West Virginia, on the 16th day of June, 2009.

PRESENT: Martin V. Saffer, President
Reta J. Griffith, Commissioner
David M. Fleming, Commissioner

The minutes of the last regular session of the Commission held on the 2nd day of June, 2009, were read, and upon a motion made by Commissioner Saffer, seconded by Commissioner Griffith, unanimously approved as presented.

IN RE: EXONERATION ORDERS APPROVED

No exoneration orders were presented to the Commission for approval.

IN RE: POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT-APPOINTMENT OF BOARD MEMBER

Upon a motion made by Commissioner Saffer, seconded by Commissioner Fleming, the Commission voted 2-1 to appoint Amon Tracey to the Pocahontas County Public Service District Board for a six (6) year term expiring on June 30, 2015. Commissioner Griffith cast the negative vote, stating that it would be her preference to appoint Karen Collins, a current user of services provided by the PSD. ✓

IN RE: SHENTEL CABLE COMPANY COMPLAINTS

Commissioner Griffith updated the Commission on her recent contact with Shentel Cable Company in an effort to help resolve numerous complaints. Representatives with the cable company stated that they are currently working to resolve problems with the service in Pocahontas County; however, two stations, WOAY and WGN, have been removed and will not be replaced. No action was taken by the Commission on this matter.

IN RE: MAIL ITEMS REQUIRING A RESPONSE

(1) Personnel Matter: The Commission reviewed a mail item regarding the application of sick leave toward retirement for a former employee of the Commission, at the request of County Clerk Sandra Priel, and upon a motion made by Commissioner Saffer, seconded by Commissioner Griffith, unanimously voted to authorize the Clerk to affix her signature to the necessary document for transfer of same.

IN RE: MAIL ITEMS

The Commission reviewed:

- (1) a letter of thanks from Greenbrier Valley Economic Development Corporation;
- (2) a letter from the West Virginia Department of Transportation for a comment period for various projects; and
- (3) faxed information provided from the Pocahontas County Public Service District regarding the Snowshoe/Slatyfork Sewage Project.

No action was taken on any of the matters.

IN RE: POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT-RECOMMENDATION ON APPOINTMENT OF BOARD MEMBER

Mr. Russell Holt appeared before the Commission to recommend the appointment of Mark Smith to the Board of the Pocahontas County Public Service District for an upcoming vacancy on September 23, 2010. The Commission also received letters of recommendation for Mr. Smith from Amon Tracey and Kermit Friel. The Commission took no action on these recommendations.

IN RE: SECURITY/IMPROVEMENT LOCKS FOR COURTHOUSE DOORS

The Commission discussed the need to improve upon security at the Courthouse. Commissioner Fleming expressed concerns over finding the door unlocked upon entering the building after hours, and in response, the Commission directed that Melvin Martin, Safety Coordinator, be contacted and asked to research the installation costs of crash-bars with locks that can be set to open with one key for all Courthouse doors, and that he report back to the County Commission at its September 7th meeting with his findings and/or estimates.

IN RE: POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT-APPOINTMENT OF BOARD MEMBER

Upon a motion made by Commissioner Griffith, seconded by Commissioner Fleming, the Commission voted 1-2 to appoint Mark Smith to the Pocahontas County Public Service District Board for a six (6) year term expiring on June 30, 2016. Commissioners Saffer and Fleming cast the negative votes. Secondly, a motion was made by Commissioner Saffer, seconded by Commissioner Fleming and approved 2-1, with Commissioner Griffith casting a negative vote, to appoint David Litsey to serve on the Pocahontas County Public Service District Board for a six (6) year term beginning on September 23, 2010 and expiring on June 30, 2016. Also appearing and/or submitting letters of recommendation were Russell Holt, Ricky Barkley, Mark Smith, Amon Tracey and Kermit Friel all in support of Mark Smith, Michael Vance in support of himself, and David Litsey in support of himself.

IN RE: DREAMA ELAINE JACKSON ESTATE-REMOVAL OF JO LORI DRAKE EXECUTRIX

At the request of Pocahontas County Clerk Sandra Friel, Commissioner Saffer made a motion which was seconded by Commissioner Griffith, and approved by the Commission 3-0 for the removal of Jo Lori Drake as the Executrix of the Estate of Dreama Elaine Jackson upon receipt of a final accounting of her administration as Executrix. This request was made on behalf of Ms. Drake due to illness.

IN RE: EXECUTIVE SESSION PERSONNEL MATTER

Upon a motion made by Commissioner Saffer, seconded by Commissioner Fleming, the Commission unanimously voted to enter into executive session with Circuit Clerk Earl Michael to discuss a personnel matter. At the conclusion of same a motion was made by Commissioner Saffer and seconded by Commissioner Fleming to end the session. No action was taken on this matter.

MAILED DELIVERED TO file

DATE 9/1/10

NOTICE PAGE 04 2

Sandra Friel
POCAHONTAS County 03:55:35 PM
Instrument No 83034
Date Recorded 08/31/2010
Document Type OA
Book-Page 4-42

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF POCAHONTAS, to-wit:

I, DAVID LITSEY, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office of

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT
(Six (6) Year Term Beginning September 23, 2010 and Expiring June 30, 2016)

to which office I have been appointed, to the best of my skill and judgment. So help me God.

David Litsey
DAVID LITSEY

Subscribed and sworn to before the undersigned Notary Public, this the 31st day of August, 2010.



Tommy A. Broce
NOTARY PUBLIC

My Commission Expires:

September 17 2019

WEST VIRGINIA, CLERK'S OFFICE OF THE COUNTY COMMISSION OF POCAHONTAS COUNTY

August 31 2010
This instrument was this day presented to me in my office and thereupon the same together with the certificate of acknowledgement thereunder written, is admitted to record therein.

Teste *Sandra Friel* Clerk
By *Tommy A. Broce*, (Deputy)

MAILED DELIVERED TO file

DATE 6/24/09

BOOK 0003 PAGE 0674

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF POCAHONTAS, to-wit:

I, AMON TRACEY, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office of

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT
(Six (6) Year Term Expiring on June 30, 2015)

to which office I have been appointed, to the best of my skill and judgment. So help me God.

Amon Tracey
AMON TRACEY

Subscribed and sworn to before the undersigned Notary

day of June, 2009.



Ruth Bachman
NOTARY PUBLIC

My Commission Expires:

November 14, 2011

SANDRA FRIEL
POCAHONTAS County 12:34:45 PM
Instrument No 75088
Date Recorded 06/25/2009
Document Type OR
Book-Page 3-674

WEST VIRGINIA, CLERK'S OFFICE OF THE COUNTY
COMMISSION OF POCAHONTAS COUNTY

June 25, 2009
This instrument was this day presented to me in my office and thereupon the same together with the certificate of acknowledgment thereunder written, is admitted to record therein.

Teste *Sandra Friel* Clerk
By: *Josluca Amosby*, Deputy

MAILED DELIVERED TO _____

File

DATE 12-29-09

BOOK 0004 PAGE 0009

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF POCAHONTAS, to-wit:

I, TOM SHIPLEY, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully discharge the duties of the office of

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT
(Unexpired Term of Scott Millican on June 30, 2012)

to which office I have been appointed, to the best of my skill and judgment. So help me God.

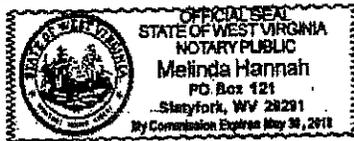
[Signature]
TOM SHIPLEY

Subscribed and sworn to before the undersigned Notary Public, this the 21st day of December, 2009.

[Signature]
NOTARY PUBLIC

My Commission Expires:

May 30, 2018



WEST VIRGINIA, CLERK'S OFFICE OF THE COUNTY
COMMISSION OF POCAHONTAS COUNTY

December 28, 2009

This instrument was this day presented to me in my office and thereupon the same together with the certificate of acknowledgment thereunder written, is admitted to record therein.

Teste [Signature] Clerk
[Signature] Deputy

Sandra Friel
POCAHONTAS County 01:27:47 PM
Instrument No 79335
Date Recorded 12/28/2009
Document Type GA
Book-Page 4-9

UPPER GREENBRIER PUBLIC SERVICE DISTRICT

RULES OF PROCEDURE

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: UPPER GREENBRIER PUBLIC SERVICE DISTRICT. The Public Service District does business as "Pocahontas County Public Service District."

Section 2. The principal office of this Public Service District will be located at Back Mountain Road, Frank, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Upper Greenbrier Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Pocahontas County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the fourth Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 3 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Pocahontas County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Pocahontas County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specialy scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any

deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 9th day of June, 2004.

05/24/04
710090.00001

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT
WATER & SEWER UTILITY
HC 63 BOX 122
BARTOW, WV 24920
PHONE & FAX # 304-456-3127
EMAIL: Pocahontascopsd@frontiernet.net

REGULAR MEETING
MINUTES

The Pocahontas County Public Service District held its regular meeting on Tuesday, January 25, 2011 at 7:00 PM. at the Durbin Fire House , Durbin WV

Those in attendance: Tom Shipley, Amon Tracey, David Litsey, Ricky Barkley, Chris Negley, Greg Hamill and Heather Niday.

Tom Shipley called the meeting to order at 7:00 PM.

Agenda Item # 1--- Reorganization of PSD Officers.

Treasurer: Tom Shipley nominated Ricky Barkley to continue to be the Treasurer for the PSD and was seconded by David Litsey. Motion carried 3 to 0.

Secretary: David Litsey nominated Amon Tracey to continue to be the PSD Secretary and was seconded by Tom Shipley. Motion carried 3 to 0.

Chairman: David Litsey nominated Tom Shipley to be PSD Chairman and was seconded by Tom Shipley. Motion carried 3 to 0.

Agenda Item # 2--- Minutes of meetings held on 12/30/10, 01/05, 01/06 and 01/13/2011.

Minutes of the meetings were sent in draft form to all board members for review before the meeting. A motion was made by Tom Shipley and seconded by Amon Tracey to accept minutes as written. Motion carried 3 to 0 to accept.

Agenda Item # 3---Accounts paid and payable for Jan. and Feb. 2011.

The accounts payable and paid were sent out to the board members before the meeting for review and any question that they may have. One invoice was paid twice and then voided before it went out. Ricky explained that Lloyd emails any invoices he receives and documents what the invoice was for by applying the correct accounting numbers to show what that item was purchase for such as the Collection system, treatment or office. This helps Cindy determine how to break down the invoice and apply it to the correct account in the financials. It works out really well, and this was just a by chance mistake but was caught and most of the invoices are double checked if in question. Tom Shipley said that all the invoices needed to come to the PSD office to be paid. Dave Litsey agreed. Amon Tracey questioned the invoice for the Attorney, Chris Nedley in the amount of \$28,705.96 and wanted to know why it was so high. Rick explained that part of it was attorney fees in the amount of \$ 5,761.20 and the other was for the retainer of David Rigby for preparing documents and consultant for the hearing in Charleston in the amount of \$ 22,944.76 A motion was made by Tom Shipley and seconded by Dave Litsey to accept financials. Motion carried 2 in favor and 1 opposed. Amon Tracey abstained.

Agenda Item # 4 – IDJC Closing of loans for Water Project.

Tom Shipley made a motion to set up a Special Meeting to and have Steptoe & Johnson and WD Smith to attend to review all the procedures involved. A Special Meeting is to be scheduled on February 3, 2011 at 11:00 PM at the Slatyfork Office in Jerry Holders Building. Seconded by Dave Litsey . Motion carried 3 to 0.

Agenda Item # 5 –Back Flow Prevention Policy for the Water System.

One of the PSD customers had to install this back flow prevention in his wife's Hair salon. The Hair Solon has previously had to install a device similar to this ordered by the State in order for her to renew her license. The Health Department also has mandated that the Water System enforce the Back Flow Prevention . This created a double back flow prevention device for this customer which was ordered by the State Hair Solon Inspector and the PSD Water System to have backflow devices. Rick contacted the Health Department and they did some research and come up with that they believe that it is not necessary for both devices to be installed. Ricky showed the Board the Back Flow Prevention Policy that was adopted by the PSD. No action was taken and the Policy is in order in the book.

Agenda Item # 6 – Job Description for PSD Employees.

The board ask to have copies of the Job Description that had been previously prepared in 2009 for each employee. No action was taken, board will review the Job description. TABLED

Agenda Item # 7 – Implementation of Employee Policy & Compensation.

David Litsey said that there should be some incensive for the employees if they eliminate the violations. For each month without violations give the employees bonuses. For example a \$ 1000.00 a month for each month that the violation do not occur. American Water pays consultants to determine rates, 1.4% cost of living for 2010 from his retirement. TABLED FOR NOW.

Agenda Item # 8 – Reports from Potesta on Metals.

The reports have not been received yet. TABLED.

Agenda Item # 9 – Pending Litigation.

David Litsey recommended that a special meeting be set with the board and the experts before the hearing on February 9, 2011. Meet with the experts on Monday, February 6, and 7, 2011.

Agenda Item # 10—Inter-Utility Agreement between PSD & Cheat Mountain Water Company.

The Cheat Mountain Water Company provides meter readings to the PSD on the Commercial group of customers. This group has around 63 customers base. Cheat Mountain Water Company is asking that .50 cents be paid per meter reading provided in the Utility agreement. A motion was made by Tom Shipley and seconded by Amon Tracey to approve and sign the agreement between the PSD and Cheat Mountain Water Company. Motion carried 3 to 0 in favor.

Tom Shipley made a motion to adjourn the meeting, Amon Tracey seconded. Adjourned at 8:20 PM. Motion carried 3-0

Tom Shipley/Acting Chairman

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

EXCERPT OF MINUTES ON ADOPTION OF BOND
RESOLUTION, SUPPLEMENTAL RESOLUTION, SWEEP
RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY of Pocahontas County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service District:

Pocahontas County Public Service District met in special session, pursuant to notice duly posted, on the 3rd day of February, 2011, in Bartow, West Virginia, at the hour of 11:00 a.m.

PRESENT: Tom Shipley, Chairman
Amon Tracey
David Litsey
Rickey Barkley
John Stump

Tom Shipley, Chairman, presided, and Amon Tracey, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$296,250 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH

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

and caused the same to be read and there was discussion. Thereupon, on motion duly made by David Litsey and seconded by Amon Tracey, 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 in writing entitled:

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

and caused the same to be read and there was discussion. Thereupon, on motion duly made by David Litsey and seconded by Amon Tracey, 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 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 Tom Shipley and seconded by Amon Tracey, it was unanimously ordered that the said Sweep Resolution be adopted.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by David Litsey and seconded by Tom Shipley, it was unanimously ordered that the said Draw Resolution be adopted.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Pocahontas County Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 24th day of February, 2011.


Secretary

02.01.11
710090.00004

WV MUNICIPAL BOND COMMISSION

1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 24-Feb-11

ISSUE: <u>Pocahontas County Public Service District</u> <u>Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)</u>	
ADDRESS: <u>HC 63 Box 122, Bartow, WV 24920</u>	COUNTY: <u>Pocahontas</u>
PURPOSE OF ISSUE: New Money: <u> x </u> Refunding: <u> </u>	
ISSUE DATE: <u>24-Feb-11</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
ISSUE AMOUNT: <u>\$296,250</u>	CLOSING DATE: <u>24-Feb-11</u>
1ST DEBT SERVICE DUE: <u>1-Jun-12</u>	RATE: <u>0%</u>
1ST DEBT SERVICE AMOUNT <u>\$1,912</u>	1ST PRINCIPAL DUE <u>1-Jun-12</u>
	PAYING AGENT: <u>Municipal Bond Commission</u>
BOND COUNSEL: Firm: <u>Steptoe & Johnson PLLC</u> Contact <u>John Stump, Esquire</u> Phone: <u>(304) 353.8196</u>	UNDERWRITERS COUNSEL Firm: <u>Jackson Kelly, PLLC</u> Contact: <u>Samme Gee, Esquire</u> Phone: <u>(304) 340-1318</u>
CLOSING BANK: Bank: <u>First Citizens Bank</u> Contact: <u>Timothy Hylton</u> Phone: <u>304.456.3117</u>	ESCROW TRUSTEE: Firm: <u> </u> Contact: <u> </u> Phone: <u> </u>
KNOWLEDGEABLE ISSUER CONTACT Contact: <u>Rickey Barkley</u> Position: <u>General Manager</u> Phone: <u>304.456.3127</u>	OTHER: Agency: <u>West Virginia Infrastructure & Jobs Development Council</u> Contact: <u>Jim Ellars, P.E.</u> Position: <u>Director</u> Phone: <u>(304) 558-4607</u>
DEPOSITS TO MBC AT CLOSE	
By: <u> </u> Wire	Accrued Interest: \$ <u> </u>
<u> </u> Check	Capitalized Interest: \$ <u> </u>
	Reserve Account: \$ <u> </u>
	Other: \$ <u> </u>
REFUNDS & TRANSFERS BY MBC AT CLOSE	
By: <u> </u> Wire	To Escrow Trustee \$ <u> </u>
<u> </u> Check	To Issuer \$ <u> </u>
<u> </u> IGT	To Cons. Invest. Fund \$ <u> </u>
	To Other: <u> </u> \$ <u> </u>
NOTES: <u>The Series 2011 A Bonds Reserve Account will be funded over 10 years.</u>	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: <u> </u>	
TRANSFERS REQUIRED: <u> </u>	

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First Citizens Bank, Arbovale, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Pocahontas County Public Service District (the "Issuer") adopted February 3, 2011, and the Supplemental Resolution of the Issuer adopted February 3, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated February 24, 2011, issued in the principal amount of \$296,250 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 24th day of February, 2011

FIRST CITIZENS BANK

By: T. Z. McClary
Its: Authorized Officer

01.28.11
710090.00004

CH5352176

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

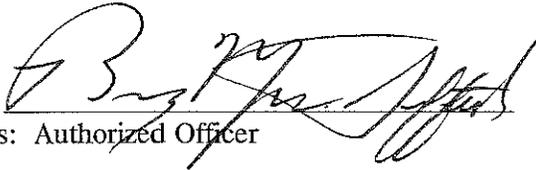
Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Pocahontas County Public Service District Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated February 24, 2011, issued in the principal amount of \$296,250 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 24th day of February, 2011.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

01.31.11
710090.00004

CH5352175

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

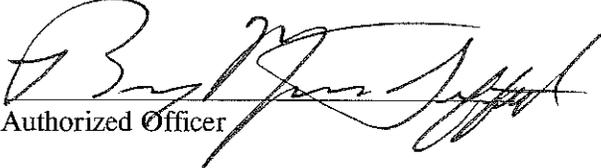
Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Pocahontas County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated February 24, 2011, in the principal amount of \$296,250, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 24th day of February, 2011.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

01.31.11
710090.00004

CH5352174

POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

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

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 24th day of February, 2011, by and between POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$296,250 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted February 3, 2011, and the Supplemental Resolution of the Issuer duly adopted February 3, 2011 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Pocahontas County Public Service District
HC 63 Box 122
Bartow, West Virginia 24920
Attn: Chairman

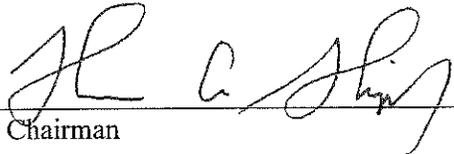
REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

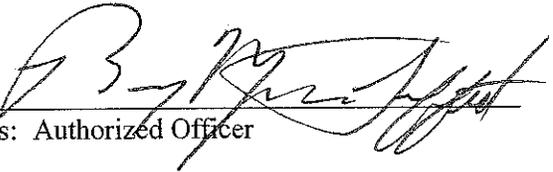
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IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first written about.

POCAHONTAS COUNTY PUBLIC SERVICE
DISTRICT

By: 
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

01.28.11
710090.00004

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES
Invoice Date February 24, 2011

Pocahontas County Public Service District
Account Number 6089001809

Pocahontas County Public Service District
Water Revenue Bonds, Series 2011 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR February, 2011

TOTAL AMOUNT	\$ 500.00
TOTAL DUE	<u>\$ 500.00</u>

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

Tonya Hamrick

From: Scarlett A. Bishop
Sent: Monday, July 06, 2009 9:26 AM
To: Randy Watson; Kenneth P. Moran; Neva L. Kerns; Tonya Hamrick
Subject: FW: Pocahontas County PSD water line replacement project, WVJDC #2008W-1041, PWSID #3303812, Pocahontas County

FYI –

Tonya, please scan into Docsurfer.

*Scarlett Bishop
Office Manager
Thrasher Engineering, Inc.*

From: Herold, William S [mailto:William.S.Herold@wv.gov]
Sent: Thursday, July 02, 2009 1:35 PM
To: Cobb, Craig R; Thrasher Mail Box
Cc: Dickey, Mark T; DeCrease, Robert W; Brady, Jefferson E
Subject: RE: Pocahontas County PSD water line replacement project, WVJDC #2008W-1041, PWSID #3303812, Pocahontas County

Craig,

Jeff Brady and I discussed this proposed project and we agree with Mark and you that no construction permit will be required.

Bill Herold

From: Cobb, Craig R
Sent: Thursday, July 02, 2009 1:11 PM
To: Randy Watson (thrasher@thrashereng.com)
Cc: Dickey, Mark T; DeCrease, Robert W; Brady, Jefferson E; Herold, William S
Subject: Pocahontas County PSD water line replacement project, WVJDC #2008W-1041, PWSID #3303812, Pocahontas County

Hello Randy Watson,

In response to your letter dated June 29, 2009, my coworker, Mark Dickey, and I have discussed the project proposal. We agree that since the project involves only replacement of existing water service lines, and the installation of several "check meters" to help the operations staff in isolating future leaks in the distribution system, we believe it is not necessary for an engineering construction permit to be issued by the WV Bureau for Public Health, Environmental Engineering Division. Additional installation of several valves in the valve pit of the Bartow Tank does not substantially alter the scope of the service line replacement project in our opinion.

We are copying several of our Infrastructure and Capacity Development coworkers in our Charleston Office, for their confirmation of this opinion, and are requesting that if they believe a construction permit is necessary, that they should contact your office as soon as possible. We will fax a copy of your 6/29/09 letter to Bob DeCrease, Bill Herold and Jeff Brady, as soon as this email is sent, for their edification.

7/6/2009

If this office can be of further assistance, please advise.

Sincerely yours,
Craig R. Cobb, with Mark Dickey

Craig R. Cobb, P.E., Supervising District Engineer
Phillippi District Office
Environmental Engineering Division
Office of Environmental Health Services
WV DHHR/BPH
209 S. Main Street
Phillippi, WV 26416

Phone: 304-457-2296
Fax: 304-457-5571
email: Craig.R.Cobb@wv.gov

Confidentiality Notice: This message, including any attachments, is for the sole use of the individual or entity named above. The message may contain confidential health and/or legally privileged information. If you are not the above-named recipient, you are hereby notified that any disclosure, copying, distribution, or action taken in reliance on the contents of this message is strictly prohibited. If you have received this message in error, please notify the sender immediately and destroy all copies of the original message.

7/6/2009



**United States Department of Agriculture
Rural Development
West Virginia State Office**

February 24, 2011

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

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) (the "Series 2011 A Bonds"), in the principal amount of \$296,250, by Pocahontas County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2011 A Bonds (the "Series 2011 A Resolution") on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's: (1) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$316,000; and (2) Water Revenue Bonds, Series 1997 B (United States Department of Agriculture), dated April 21, 1997, issued in the original aggregate principal amount of \$150,000 (collectively, the "Prior Bonds"); (ii) waive any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2011 A Bonds or the Series 2011 A Resolution; and (iii) any amendments made to the Prior Resolutions by the Series 2011 A Resolution.



Authorized Representative

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

GRANT AGREEMENT
(2008W-1041)

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 POCAHONTAS PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$296,250 (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 B 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:

TERMS

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 Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit A, unless the Council and Authority are provided replacement instructions in writing.

5. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit B.

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.

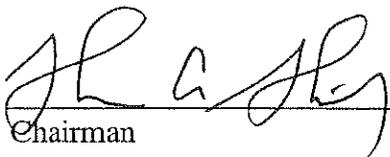
7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

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.

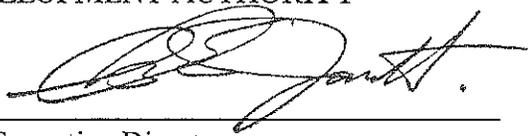
POCAHONTAS PUBLIC SERVICE
DISTRICT

By: 
Its: Chairman
Date: February 24, 2011

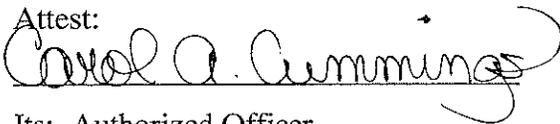
(SEAL)

Attest: 
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: 
Its: Executive Director
Date: February 24, 2011

(SEAL)

Attest: 
Its: Authorized Officer

[To Be Placed on Letterhead]

Exhibit A

Wiring Instructions

_____, 20__

**Pocahontas Public Service District
HC 63 Box 122
Frank, WV 24920**

Payor: West Virginia Water Development Authority
Source: Grant Proceeds
Amount: \$ _____
Date: _____, 20__
Form: Electronic Funds Transfer
Payee: Pocahontas Public Service District
Bank: First Citizens Bank, State Route 92 North, Arbovale, WV 24915
Bank Contact: _____
Telephone: (304) 456-3117
Routing No.: 053100300
Account No.: 008924136692
Account Name: Construction Trust Fund

Exhibit B

Project Description

The Project consists of acquisition and construction of improvements and extensions to the existing public waterworks system of the Governmental Agency, consisting of replacement of water lines and other water system improvements in Durbin, Frank and Bartow areas, together with all appurtenant facilities.



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

Writer's Contact Information

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: February 24, 2011
Re: Pocahontas County Public Service District, Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)

1. DISBURSEMENTS TO THE POCAHONTAS COUNTY PUBLIC SERVICE DISTRICT

Payor: West Virginia Infrastructure Fund
Source: Series 2011 A Bond Proceeds
Amount: \$71,452.02
Form: Wire Transfer
Payee: Pocahontas County Public Service District
Bank: First Citizens Bank, State Route 92 North, Arbovale, WV 24915
Routing #: 053100300
Account #: 008924136692
Contact: 304-456-3117
Account: Series 2011 Bonds Construction Trust Fund

710090.00004

CH5418432

SWEEP RESOLUTION

WHEREAS, the Pocahontas County Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

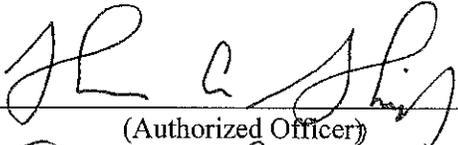
NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

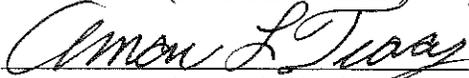
2) The Chairman and Secretary are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 3rd day of February, 2011.



(Authorized Officer)



(Authorized Officer)

(Authorized Officer)

UPPER GREENBRIER PUBLIC SERVICE DISTRICT

**Water Revenue Bonds,
Series 1997 A and Series 1997 B**

BOND RESOLUTION

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UPPER GREENBRIER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$316,000 WATER REVENUE BOND, SERIES 1997 A, AND \$150,000 WATER REVENUE BOND, SERIES 1997 B, OF UPPER GREENBRIER PUBLIC SERVICE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITIES FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF UPPER GREENBRIER PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Upper Greenbrier Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Pocahontas County of said State, duly created pursuant to the Act by The County Commission of Pocahontas County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a new water treatment plant, approximately 19,450 linear feet of 8-inch, 6-inch, 4-inch and 2-inch water lines, a 225,000 gallon treated water reservoir, a 170,000 gallon raw water reservoir and a 23,000 gallon backwash treatment reservoir, in the communities of Frank, Durbin and Bartow, Pocahontas County, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,500,000, of which \$466,000 will be obtained from the proceeds of sale of the Bonds herein authorized, and \$1,034,000 will be obtained from a grant from the Purchaser.

E. It is necessary for the Issuer to issue its water revenue bonds in the total principal amount of \$466,000, in two series, being the 1997 A Bond (hereinafter defined), in the principal amount of \$316,000, and the 1997 B Bond (hereinafter defined), in the aggregate principal amount of \$150,000 (collectively, the "Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the cost of acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are no outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated March 22, 1994, Amendment No. 1 to Letter of Conditions, dated February 27, 1997, and all amendments thereto, if any (collectively, the "Letter of Conditions").

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

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

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

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

"1997 A Bond" means the Water Revenue Bond, Series 1997 A, authorized hereby to be issued pursuant to this Bond Legislation.

"1997 B Bond" means the Water Revenue Bond, Series 1997 B, authorized hereby to be issued pursuant to this Bond Legislation.

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

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

"Bonds" means, collectively, the 1997 A Bond and the 1997 B Bond.

"Chairman" means the Chairman of the Governing Body.

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

"Depository Bank" means the Bank of Marlinton, Marlinton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Grant" means the grant from the Purchaser, committed for the Project.

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

"Issuer," "Borrower" or "District" means Upper Greenbrier Public Service District, a public service district and a public corporation and a political subdivision of the State of West Virginia, in Pocahontas County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated March 22, 1994, Amendment No. 1 to Letter of Conditions, dated February 27, 1997, and all amendments thereto, if any.

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

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

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

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

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

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

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

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

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

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

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

"Registered Owner," "Bondholder," "Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

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

"Secretary" means the Secretary of the Governing Body.

"State" means the State of West Virginia.

"Surplus Revenues" shall have the meaning set forth in Section 4.03B(v) hereof.

"System" means the existing waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$1,500,000, 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 IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Water Revenue Bond, Series 1997 A" and "Water Revenue Bond, Series 1997 B," are hereby authorized to be issued in the respective principal amounts of \$316,000 and \$150,000 for a total aggregate principal amount of not exceeding \$466,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. A. The 1997 A Bond shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1997 A Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

B. The 1997 B Bond shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1997 B Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

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

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

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

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

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

The Bond Registrar shall accept the 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 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 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 Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond 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. The Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Bonds shall have matured or be about to mature, instead of

issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured forthwith equally and on a parity with each other by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

(FORM OF 1997 A BOND)

UPPER GREENBRIER PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1997 A

\$316,000

No. AR-1

Date: _____

FOR VALUE RECEIVED, UPPER GREENBRIER PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED SIXTEEN THOUSAND DOLLARS (\$316,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$1,451, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon

surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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

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

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

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1997 B, DATED THE DATE HEREOF, ISSUED CONCURRENTLY IN THE ORIGINAL PRINCIPAL AMOUNT OF \$150,000, AS DEFINED AND DESCRIBED IN SAID RESOLUTION.

IN WITNESS WHEREOF, UPPER GREENBRIER 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.

UPPER GREENBRIER PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Route 3, Box 122
(P. O. Box No. or Street Address)

Frank, West Virginia 24920
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF 1997 B BOND)

UPPER GREENBRIER PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1997 B

\$150,000

No. BR-1

Date: _____

FOR VALUE RECEIVED, UPPER GREENBRIER PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$689, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon

surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount; will be issued to the transferee in exchange herefor.

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

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

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

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

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1997 A, DATED THE DATE HEREOF, ISSUED CONCURRENTLY IN THE ORIGINAL PRINCIPAL AMOUNT OF \$316,000, AS DEFINED AND DESCRIBED IN SAID RESOLUTION.

IN WITNESS WHEREOF, UPPER GREENBRIER 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.

UPPER GREENBRIER PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Route 3, Box 122
(P. O. Box No. or Street Address)

Frank, West Virginia 24920
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

ARTICLE IV

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

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with, and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Reserve Fund;
- (3) Depreciation Fund; and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance

remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds.

So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolution.

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

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

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds (or such other place as may be provided pursuant to the Bonds), the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective life of each Bond issue. All payments with respect to principal of and interest on the Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest becoming due on the Bonds in any year, until the amount in the Reserve Fund equals such maximum amount (the

"Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund until there has been accumulated in the Depreciation Fund the aggregate sum of \$75,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

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

All the funds provided for in this Section other than the Project Construction Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

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

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and

Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bonds, provide evidence that there will be at least 264 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$1,500,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender acceptable to the Purchaser. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such repayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Grants or from Surplus Revenues. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged

for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

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

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

subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

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

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

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bonds and shall be for the equal benefit of the Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Bonds at the date specified for payment thereof; and

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

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

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

Section 5.09. Fiscal Year; Budget. While the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the

following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

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

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on March 25, 1997, Case No. 94-0775-PWD-CN (Reopened), which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

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

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

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

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

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as

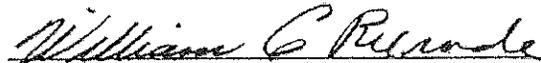
required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted: April 21, 1997.

UPPER GREENBRIER PUBLIC SERVICE DISTRICT


Chairman


Member

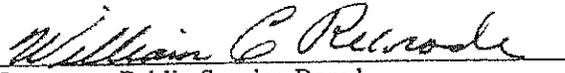

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of UPPER GREENBRIER PUBLIC SERVICE DISTRICT on the 21st day of April, 1997.

Dated: April 21, 1997.

{SEAL}


Secretary, Public Service Board

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