# PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

## Water Revenue Bonds, Series 2013 A
## (West Virginia Infrastructure Fund)

## BOND TRANSCRIPT

*9 County Roads Project*

## Table of Contents


**BASIC DOCUMENTS**

1. Bond Resolution
2. Supplemental Resolution
3. Series 2013 A Bonds Loan Agreement
4. Public Service Commission Orders
5. Infrastructure and Jobs Development Council Approval
6. Cross-Receipt for Bond and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 2013 A Bond

**OPINIONS OF COUNSEL**

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

**CERTIFICATES**

12. General Certificate of Issuer and Attorney
13. Certificate of Engineer, with Schedule B Attached
14. Certificate of Certified Public Accountant
15. Certificate as to Use of Proceeds

## DOCUMENTS OF THE ISSUER

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

17. County Commission Orders Appointing Current Boardmembers

18. Oaths of Office of Current Boardmembers

19. Rules of Procedure

20. Minutes of Organizational Meeting

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

22. Municipal Bond Commission New Issue Report

## MISCELLANEOUS DOCUMENTS

23. Acceptance of Appointment as Depository Bank

24. Acceptance of Duties as Registrar

25. Certificate of Registration of Bonds

26. Registrar's Agreement

27. Environmental Health Services Permit

28. Evidence of Insurance

29. Closing Memorandum

30. Sweep Resolution

31. Evidence of AML Grant

32. Infrastructure Fund Grant Agreement

33. United States Department of Agriculture Parity Consent

34. Water Development Authority Parity Consent

35. Prior Bond Resolutions
    A. Series 1995 A & Series 1995 B
    B. Series 2007 A & Series 2007 B

**PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1**

**WATER REVENUE BONDS, SERIES 2013 A**
**(WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND RESOLUTION**

**Table of Contents**

**ARTICLE I**
**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**


| | |
|---|---|
| Section 1.01 | Authority for this Resolution |
| Section 1.02 | Findings |
| Section 1.03 | Bond Legislation Constitutes Contract |
| Section 1.04 | Definitions |


**ARTICLE II**
**AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**


| | |
|---|---|
| Section 2.01 | Authorization of Acquisition and Construction of the Project |


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


| | |
|---|---|
| Section 3.01 | Authorization of Bonds |
| Section 3.02 | Terms of Bonds |
| Section 3.03 | Execution of Bonds |
| Section 3.04 | Authentication and Registration |
| Section 3.05 | Negotiability, Transfer and Registration |
| Section 3.06 | Bonds Mutilated, Destroyed, Stolen or Lost |
| Section 3.07 | Bonds not to be Indebtedness of the Issuer |
| Section 3.08 | Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds |
| Section 3.09 | Delivery of Bonds |
| Section 3.10 | Form of Bonds |
| | FORM OF SERIES 2013 A BOND |
| Section 3.11 | Sale of Bonds; Approval and Ratification of Execution of Loan Agreement |
| Section 3.12 | Filing of "Amended Schedule" |

## ARTICLE IV
## [RESERVED]

## ARTICLE V
## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF


Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds


## ARTICLE VI
## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS


Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Bond Construction Trust Fund


## ARTICLE VII
## ADDITIONAL COVENANTS OF THE ISSUER


Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds
Section 7.04 Initial Schedule of Rates and Charges
Section 7.05 Sale of the System
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report
Section 7.11 Engineering Services and Operating Personnel
Section 7.12 No Competing Franchise
Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Connections
Section 7.17 Completion and Operation of Project; Permits and Orders
Section 7.18 Tax Covenants
Section 7.19 Statutory Mortgage Lien
Section 7.20 Compliance with Loan Agreement and Law
Section 7.21 Securities Laws Compliance
Section 7.22 Contracts; Change Orders; Public Releases

## ARTICLE VIII
## INVESTMENT OF FUNDS; USE OF PROCEEDS


Section 8.01 Investments
Section 8.02 Certificate as to Use of Proceeds


## ARTICLE IX
## DEFAULT AND REMEDIES


Section 9.01 Events of Default
Section 9.02 Remedies
Section 9.03 Appointment of Receiver


## ARTICLE X
## PAYMENT OF BONDS


Section 10.01 Payment of Bonds


## ARTICLE XI
## MISCELLANEOUS


Section 11.01 Amendment or Modification of Bond Legislation
Section 11.02 Designation of Series 2013 A Bonds as Qualified Tax-Exempt Obligations.
Section 11.03 Bond Legislation Constitutes Contract
Section 11.04 Severability of Invalid Provisions
Section 11.05 Headings, Etc.
Section 11.06 Conflicting Provisions Repealed
Section 11.07 Covenant of Due Procedure, Etc.
Section 11.08 Effective Date
SIGNATURES
CERTIFICATION

**PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1**

**BOND RESOLUTION**

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUSANCE BY THE DISTRICT OF $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2013 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 PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

## 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. Preston County Public Service District No. 1 (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Preston County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the Issuer, consisting of extension of water service to serve new customers along John Orr Road, Pell Road, Irish Ridge Road, Shady Lane, Pratt Hill Road, Bird's Creek

Road and Mankins Road (the "Project") (the existing waterworks facilities of the Issuer, the Project and any further additions, betterments, improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer and at the costs estimated in Section 2.01 hereof.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of $500,000 (the "Series 2013 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, upon the Series 2013 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2013 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2013 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2013 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. Upon issuance of the Series 2013 A Bonds, the Issuer will have the following Outstanding obligations which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds"); (2) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds"); (3) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12, 2007, issued in the original aggregate principal amount of $1,391,300 (the "Series 2007 A Bonds"); and (4) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838 (the "Series 2007 B Bonds"), (collectively, the "Prior Bonds").

The Series 2013 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 2013 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 2013 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 (as hereinafter defined).

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, on the Series 2013 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 2013 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by Final Order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2013 A Bonds or such Final Order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2013 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A, and Chapter 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 2013 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the 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 2013 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 2013 A Bonds for all or a portion of the proceeds of the Series 2013 A Bonds from the Authority.

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

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

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

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

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

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

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

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

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

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

"Grants" means 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 Preston County Public Service District No. 1, a public service district, public corporation and political subdivision of the State of West Virginia in Preston 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 2013 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

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

"Prior Bonds" means, collectively, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds.

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

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

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land

Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"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 2013 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 2013 A Bonds and the Prior Bonds.

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

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

"Series 1995 A Bonds" means the Issuer's Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000.

"Series 1995 B Bonds" means the Issuer's Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000.

"Series 2007 A Bonds" means the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12, 2007, issued in the original aggregate principal amount of $1,391,300.

"Series 207 B Bonds" means the Issuer's Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838.

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

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

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

"Series 2013 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, which will become due on the Series 2013 A Bonds in the then current or any succeeding year.

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

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2013 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2013 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2013 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the 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

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 $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 Series 2013 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 $1,241,763.82 of which approximately $500,000 will be obtained from the proceeds of the Series 2013 A Bonds; $655,863.82 will be obtained as an Abandoned Mine Lands grant; and $85,900 will be as an 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. The Series 2013 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund)," in the principal amount of $500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2013 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2013 A Bonds, if any, shall be deposited in or credited to the Series 2013 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 2013 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2013 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2013 A Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2013 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 2013 A Bonds. The Series 2013 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2013 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be

sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2013 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 2013 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2013 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the 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 2013 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2013 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2013 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide Holder for value.

So long as the Series 2013 A Bonds remain Outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging Series 2013 A Bonds or transferring the registered Series 2013 A Bonds are exercised, all Series 2013 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2013 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 2013 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 2013 A Bonds or, in the case of any proposed redemption of Series 2013 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 2013 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate 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 2013 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2013 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2013 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 on and other payments for the Series 2013 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 2013 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2013 A Bonds to the original purchasers upon receipt of the documents set forth below:

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

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 2013 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 2013 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2013 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2013 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND, SERIES 2013 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2013, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public service district, public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest of 1.0% per annum payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2013.

This Bond is issued (i) to pay a portion of 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 additions, betterments,

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 _____, 2013, and a Supplemental Resolution duly adopted by the Issuer on _____, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 19, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $585,000 (THE "SERIES 1995 A BONDS"); (2) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 19, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); (3) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,319,300 (THE "SERIES 2007 A BONDS"); AND (4) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED JULY 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $806,838 (THE "SERIES 2007 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2013 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with the Bonds, including 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 and interest 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, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 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 2013 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2013.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2013 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

## ARTICLE IV

## [RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2013 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 1995 A Bonds Reserve Account (established by Prior Resolutions);

(2) Series 1995 B Bonds Reserve Account (established by Prior Resolutions);

(3) Series 2007 A Bonds Sinking Fund (established by Prior Resolutions);

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

(5) Series 2007 B Bonds Sinking Fund (established by Prior Resolutions);

(6) Series 2007 B Bonds Reserve Account (established by Prior Resolutions);

(7) Series 2013 A Bonds Sinking Fund; and

(8) Series 2013 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

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

(2) The Issuer shall next, each month transfer from the Revenue Fund and simultaneously on or before the due date thereof remit: (i) to the National Finance Office the amounts required to pay interest on the Series 1995 A Bonds and Series 1995 B Bonds; and (ii) to the Commission commencing 4 months prior to the first date of payment of interest of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and come due on the Series 2013 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2013 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required to pay principal of the Series 1995 A Bonds and Series 1995 B Bonds, as required by the Prior Resolutions; (ii) remit to the Commission the amounts required to pay principal of the Series 2007 A Bonds and Series 2007 B Bonds, as required by the Prior Resolutions; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2013 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2013 A Bonds Sinking Fund and the

next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the Prior Bonds; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, if not fully funded upon issuance of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 A Bonds Reserve Requirement, until the amount in the Series 2013 A Bonds Reserve Account equals the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2013 A Bonds Reserve Requirement.

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

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

Monies in the Series 2013 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 A Bonds as the same shall become due. Monies in the Series 2013 A Bonds Reserve Account shall be used only for the purpose of paying

principal of and interest, if any, on the Series 2013 A Bonds as the same shall come due, when other monies in the Series 2013 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

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

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

The Issuer shall not be required to make any further payments into the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2013 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2013 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 2013 A Bonds Sinking Fund and the Series 2013 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 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2013 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2013 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application

thereof consistent with the provisions of this Bond Legislation. 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. 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.

D. 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.

E. 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.

F. 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.

G. 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 2013 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

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

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

Pending such application, monies in the Series 2013 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 2013 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2013 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2013 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to the Prior Bonds. The payment of the debt service of the Series 2013 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 2013 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered November 17, 2009 which became a Final Order on December 7, 2009 in Case No. 09-0741-PWD-19A, and such rates are hereby adopted.

So long as the Series 2013 A Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2013 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2013 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 2013 A Bonds, immediately be remitted to the Commission for deposit in the Series 2013 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2013 A Bonds. Any balance remaining after the payment of the Series 2013 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, 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 2013 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2013 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2013 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2013 A Bonds, and the interest thereon upon any or all of the income and revenues of the System pledged for payment of the Series 2013 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2013 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 2013 A Bonds.

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

So long as the Series 1995 A Bonds or Series 1995 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1995 A Bonds or Series 1995 B Bonds, representing 75% of the then-Outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1995 A Bonds or Series 1995 B Bonds are no longer Outstanding, the following requirement shall be met:

So long as the Series 2007 A Bonds, Series 2007 B Bonds or Series 2013 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 2013 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2013 A Bonds.

So long as the Series 2007 A Bonds, Series 2007 B Bonds or Series 2013 A Bonds are Outstanding no Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable

times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2013 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2013 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2013 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2013 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 2013 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2013 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2013 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds. In any event, 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, 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. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which

shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

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

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

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

the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the 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 2013 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2013 A Bonds 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.

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

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 2013 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of

the Series 2013 A Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2013 A Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2013 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2013 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2013 A Bonds as a condition to issuance of the Series 2013 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2013 A

Bonds as may be necessary in order to maintain the status of the Series 2013 A Bonds as 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 2013 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, from which the proceeds of the Series 2013 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority 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 2013 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 2013 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2013 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2013 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2013 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, 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 2013 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 2013 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2013 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2013 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2013 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2013 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2013 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2013 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 2013 A Bonds from gross income of the Holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2013 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2013 A Bonds.

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

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

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

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

[Remainder of Page Intentionally Blank]

Adopted this 23rd day of July, 2013.

Chairman

5903810

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 on the 23rd day of July, 2013.

Dated: August 7, 2013.

[SEAL]

Patricia C. Taylor
Secretary

723810.00003

5903810

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 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 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1; 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 Preston County Public Service District No. 1 (the "Issuer") has duly and officially adopted a bond resolution on July 23, 2013 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUSANCE BY THE DISTRICT OF $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2013 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 2013 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $500,000 and has authorized the execution and delivery of the loan agreement relating to the Series 2013 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 PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $500,000. The Series 2013 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2053, and shall bear interest at the rate of 1.0% per annum. The principal and interest of the Series 2013 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2014, to and including June 1, 2053, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2013 A Bonds. The Series 2013 A Bonds shall be subject to redemption upon the written consent of the Authority and the 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 2013 A Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the

Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint and designate the Clear Mountain Bank, Bruceton Mills, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2013 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2013 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2013 A Bond Proceeds in the amount of $15,580.98 shall be deposited in the Series 2013 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2013 A Bonds shall be deposited in or credited to the Series 2013 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 August 7, 2013, 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 2013 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 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 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 23rd day of July, 2013.

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Preston County Public Service District No. 1 on July 23, 2013.

Dated: August 7, 2013.

[SEAL]

Patricia C Taylor

Secretary

723810.00003

IC-1
(02/13)

# 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").

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
(2011W-1285)

(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, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, 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.

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

(SEAL)

Attest:

Its: Secretary

By: _____
Its: Chairman
Date: August 7, 2013

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Its: Authorized Officer

By: _____
Its: Executive Director
Date: August 7, 2013

{C2636508.1}

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 schematic design for the Project began [before July 1, 2012] ;(iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as

Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended; (vii) 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; (viii) the successful bids include prices for every item on such bid forms; (ix) the uniform bid procedures were followed; (x) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (xi) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xii) 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 (xiii) 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.

4. The Project will serve _____ new customers in the _____ area.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

---

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
1009 Bullitt Street
Charleston, WV 25301

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

Ladies and Gentlemen:

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

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

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

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

conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
**Name of Person Completing Form**

_____
**Address**

_____
**Telephone**

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [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 | $500,000 |
| Purchase Price of Local Bonds | $500,000 |

The Local Bonds shall bear interest at a rate of 1% per annum, commencing September 1, 2014. Commencing December 1, 2014, principal and interest on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(1) Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000;

(2) Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000;

(3) Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12,

2007, issued in the original aggregate principal amount of $1,391,300; and

(4) Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838.

Number of New Users: 50
Location: John Orr Road, Pell Road, Irish Ridge Road, Shady Lane, Pratt Hill Road, Birch Creek Road and Mankins Road areas

# SCHEDULE Y
## DEBT SERVICE SCHEDULE

**Bond Debt Service**
Preston County PSD No. 1
IF
$500,000
40 Years from Closing Date
1% Interest Rate

| | |
|---|---|
| Dated Date | 8/7/2013 |
| Delivery Date | 8/7/2013 |

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 12/1/2014 | 2,645 | 1.000% | 1,250.00 | 3,895.00 |
| 3/1/2015 | 2,652 | 1.000% | 1,243.39 | 3,895.39 |
| 6/1/2015 | 2,658 | 1.000% | 1,236.76 | 3,894.76 |
| 9/1/2015 | 2,665 | 1.000% | 1,230.11 | 3,895.11 |
| 12/1/2015 | 2,672 | 1.000% | 1,223.45 | 3,895.45 |
| 3/1/2016 | 2,678 | 1.000% | 1,216.77 | 3,894.77 |
| 6/1/2016 | 2,685 | 1.000% | 1,210.08 | 3,895.08 |
| 9/1/2016 | 2,692 | 1.000% | 1,203.36 | 3,895.36 |
| 12/1/2016 | 2,698 | 1.000% | 1,196.63 | 3,894.63 |
| 3/1/2017 | 2,705 | 1.000% | 1,189.89 | 3,894.89 |
| 6/1/2017 | 2,712 | 1.000% | 1,183.13 | 3,895.13 |
| 9/1/2017 | 2,719 | 1.000% | 1,176.35 | 3,895.35 |
| 12/1/2017 | 2,726 | 1.000% | 1,169.55 | 3,895.55 |
| 3/1/2018 | 2,732 | 1.000% | 1,162.73 | 3,894.73 |
| 6/1/2018 | 2,739 | 1.000% | 1,155.90 | 3,894.90 |
| 9/1/2018 | 2,746 | 1.000% | 1,149.06 | 3,895.06 |
| 12/1/2018 | 2,753 | 1.000% | 1,142.19 | 3,895.19 |
| 3/1/2019 | 2,760 | 1.000% | 1,135.31 | 3,895.31 |
| 6/1/2019 | 2,767 | 1.000% | 1,128.41 | 3,895.41 |
| 9/1/2019 | 2,774 | 1.000% | 1,121.49 | 3,895.49 |
| 12/1/2019 | 2,780 | 1.000% | 1,114.56 | 3,894.56 |
| 3/1/2020 | 2,787 | 1.000% | 1,107.61 | 3,894.61 |
| 6/1/2020 | 2,794 | 1.000% | 1,100.64 | 3,894.64 |
| 9/1/2020 | 2,801 | 1.000% | 1,093.65 | 3,894.65 |
| 12/1/2020 | 2,808 | 1.000% | 1,086.65 | 3,894.65 |
| 3/1/2021 | 2,815 | 1.000% | 1,079.63 | 3,894.63 |
| 6/1/2021 | 2,822 | 1.000% | 1,072.59 | 3,894.59 |
| 9/1/2021 | 2,830 | 1.000% | 1,065.54 | 3,895.54 |
| 12/1/2021 | 2,837 | 1.000% | 1,058.46 | 3,895.46 |
| 3/1/2022 | 2,844 | 1.000% | 1,051.37 | 3,895.37 |
| 6/1/2022 | 2,851 | 1.000% | 1,044.26 | 3,895.26 |
| 9/1/2022 | 2,858 | 1.000% | 1,037.13 | 3,895.13 |
| 12/1/2022 | 2,865 | 1.000% | 1,029.99 | 3,894.99 |
| 3/1/2023 | 2,872 | 1.000% | 1,022.83 | 3,894.83 |
| 6/1/2023 | 2,879 | 1.000% | 1,015.65 | 3,894.65 |
| 9/1/2023 | 2,887 | 1.000% | 1,008.45 | 3,895.45 |
| 12/1/2023 | 2,894 | 1.000% | 1,001.23 | 3,895.23 |
| 3/1/2024 | 2,901 | 1.000% | 994.00 | 3,895.00 |
| 6/1/2024 | 2,908 | 1.000% | 986.74 | 3,894.74 |
| 9/1/2024 | 2,916 | 1.000% | 979.47 | 3,895.47 |
| 12/1/2024 | 2,923 | 1.000% | 972.18 | 3,895.18 |
| 3/1/2025 | 2,930 | 1.000% | 964.88 | 3,894.88 |
| 6/1/2025 | 2,937 | 1.000% | 957.55 | 3,894.55 |

**Bond Debt Service**

Preston County PSD No. 1

IF

$500,000

40 Years from Closing Date

1% Interest Rate

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 9/1/2025 | 2,945 | 1.000% | 950.21 | 3,895.21 |
| 12/1/2025 | 2,952 | 1.000% | 942.85 | 3,894.85 |
| 3/1/2026 | 2,960 | 1.000% | 935.47 | 3,895.47 |
| 6/1/2026 | 2,967 | 1.000% | 928.07 | 3,895.07 |
| 9/1/2026 | 2,974 | 1.000% | 920.65 | 3,894.65 |
| 12/1/2026 | 2,982 | 1.000% | 913.21 | 3,895.21 |
| 3/1/2027 | 2,989 | 1.000% | 905.76 | 3,894.76 |
| 6/1/2027 | 2,997 | 1.000% | 898.29 | 3,895.29 |
| 9/1/2027 | 3,004 | 1.000% | 890.79 | 3,894.79 |
| 12/1/2027 | 3,012 | 1.000% | 883.28 | 3,895.28 |
| 3/1/2028 | 3,019 | 1.000% | 875.75 | 3,894.75 |
| 6/1/2028 | 3,027 | 1.000% | 868.21 | 3,895.21 |
| 9/1/2028 | 3,034 | 1.000% | 860.64 | 3,894.64 |
| 12/1/2028 | 3,042 | 1.000% | 853.05 | 3,895.05 |
| 3/1/2029 | 3,050 | 1.000% | 845.45 | 3,895.45 |
| 6/1/2029 | 3,057 | 1.000% | 837.82 | 3,894.82 |
| 9/1/2029 | 3,065 | 1.000% | 830.18 | 3,895.18 |
| 12/1/2029 | 3,073 | 1.000% | 822.52 | 3,895.52 |
| 3/1/2030 | 3,080 | 1.000% | 814.84 | 3,894.84 |
| 6/1/2030 | 3,088 | 1.000% | 807.14 | 3,895.14 |
| 9/1/2030 | 3,096 | 1.000% | 799.42 | 3,895.42 |
| 12/1/2030 | 3,103 | 1.000% | 791.68 | 3,894.68 |
| 3/1/2031 | 3,111 | 1.000% | 783.92 | 3,894.92 |
| 6/1/2031 | 3,119 | 1.000% | 776.14 | 3,895.14 |
| 9/1/2031 | 3,127 | 1.000% | 768.34 | 3,895.34 |
| 12/1/2031 | 3,135 | 1.000% | 760.53 | 3,895.53 |
| 3/1/2032 | 3,142 | 1.000% | 752.69 | 3,894.69 |
| 6/1/2032 | 3,150 | 1.000% | 744.83 | 3,894.83 |
| 9/1/2032 | 3,158 | 1.000% | 736.96 | 3,894.96 |
| 12/1/2032 | 3,166 | 1.000% | 729.06 | 3,895.06 |
| 3/1/2033 | 3,174 | 1.000% | 721.15 | 3,895.15 |
| 6/1/2033 | 3,182 | 1.000% | 713.21 | 3,895.21 |
| 9/1/2033 | 3,190 | 1.000% | 705.26 | 3,895.26 |
| 12/1/2033 | 3,198 | 1.000% | 697.28 | 3,895.28 |
| 3/1/2034 | 3,206 | 1.000% | 689.29 | 3,895.29 |
| 6/1/2034 | 3,214 | 1.000% | 681.27 | 3,895.27 |
| 9/1/2034 | 3,222 | 1.000% | 673.24 | 3,895.24 |
| 12/1/2034 | 3,230 | 1.000% | 665.18 | 3,895.18 |
| 3/1/2035 | 3,238 | 1.000% | 657.11 | 3,895.11 |
| 6/1/2035 | 3,246 | 1.000% | 649.01 | 3,895.01 |
| 9/1/2035 | 3,254 | 1.000% | 640.90 | 3,894.90 |
| 12/1/2035 | 3,262 | 1.000% | 632.76 | 3,894.76 |
| 3/1/2036 | 3,270 | 1.000% | 624.61 | 3,894.61 |
| 6/1/2036 | 3,279 | 1.000% | 616.43 | 3,895.43 |
| 9/1/2036 | 3,287 | 1.000% | 608.24 | 3,895.24 |
| 12/1/2036 | 3,295 | 1.000% | 600.02 | 3,895.02 |
| 3/1/2037 | 3,303 | 1.000% | 591.78 | 3,894.78 |

**Bond Debt Service**

Preston County PSD No. 1

IF

$500,000

40 Years from Closing Date

1% Interest Rate

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 6/1/2037 | 3,312 | 1.000% | 583.52 | 3,895.52 |
| 9/1/2037 | 3,320 | 1.000% | 575.24 | 3,895.24 |
| 12/1/2037 | 3,328 | 1.000% | 566.94 | 3,894.94 |
| 3/1/2038 | 3,336 | 1.000% | 558.62 | 3,894.62 |
| 6/1/2038 | 3,345 | 1.000% | 550.28 | 3,895.28 |
| 9/1/2038 | 3,353 | 1.000% | 541.92 | 3,894.92 |
| 12/1/2038 | 3,362 | 1.000% | 533.54 | 3,895.54 |
| 3/1/2039 | 3,370 | 1.000% | 525.13 | 3,895.13 |
| 6/1/2039 | 3,378 | 1.000% | 516.71 | 3,894.71 |
| 9/1/2039 | 3,387 | 1.000% | 508.26 | 3,895.26 |
| 12/1/2039 | 3,395 | 1.000% | 499.80 | 3,894.80 |
| 3/1/2040 | 3,404 | 1.000% | 491.31 | 3,895.31 |
| 6/1/2040 | 3,412 | 1.000% | 482.80 | 3,894.80 |
| 9/1/2040 | 3,421 | 1.000% | 474.27 | 3,895.27 |
| 12/1/2040 | 3,429 | 1.000% | 465.72 | 3,894.72 |
| 3/1/2041 | 3,438 | 1.000% | 457.14 | 3,895.14 |
| 6/1/2041 | 3,446 | 1.000% | 448.55 | 3,894.55 |
| 9/1/2041 | 3,455 | 1.000% | 439.93 | 3,894.93 |
| 12/1/2041 | 3,464 | 1.000% | 431.30 | 3,895.30 |
| 3/1/2042 | 3,472 | 1.000% | 422.64 | 3,894.64 |
| 6/1/2042 | 3,481 | 1.000% | 413.96 | 3,894.96 |
| 9/1/2042 | 3,490 | 1.000% | 405.25 | 3,895.25 |
| 12/1/2042 | 3,499 | 1.000% | 396.53 | 3,895.53 |
| 3/1/2043 | 3,507 | 1.000% | 387.78 | 3,894.78 |
| 6/1/2043 | 3,516 | 1.000% | 379.01 | 3,895.01 |
| 9/1/2043 | 3,525 | 1.000% | 370.22 | 3,895.22 |
| 12/1/2043 | 3,534 | 1.000% | 361.41 | 3,895.41 |
| 3/1/2044 | 3,542 | 1.000% | 352.58 | 3,894.58 |
| 6/1/2044 | 3,551 | 1.000% | 343.72 | 3,894.72 |
| 9/1/2044 | 3,560 | 1.000% | 334.84 | 3,894.84 |
| 12/1/2044 | 3,569 | 1.000% | 325.94 | 3,894.94 |
| 3/1/2045 | 3,578 | 1.000% | 317.02 | 3,895.02 |
| 6/1/2045 | 3,587 | 1.000% | 308.08 | 3,895.08 |
| 9/1/2045 | 3,596 | 1.000% | 299.11 | 3,895.11 |
| 12/1/2045 | 3,605 | 1.000% | 290.12 | 3,895.12 |
| 3/1/2046 | 3,614 | 1.000% | 281.11 | 3,895.11 |
| 6/1/2046 | 3,623 | 1.000% | 272.07 | 3,895.07 |
| 9/1/2046 | 3,632 | 1.000% | 263.01 | 3,895.01 |
| 12/1/2046 | 3,641 | 1.000% | 253.93 | 3,894.93 |
| 3/1/2047 | 3,650 | 1.000% | 244.83 | 3,894.83 |
| 6/1/2047 | 3,659 | 1.000% | 235.71 | 3,894.71 |
| 9/1/2047 | 3,668 | 1.000% | 226.56 | 3,894.56 |
| 12/1/2047 | 3,678 | 1.000% | 217.39 | 3,895.39 |
| 3/1/2048 | 3,687 | 1.000% | 208.19 | 3,895.19 |
| 6/1/2048 | 3,696 | 1.000% | 198.98 | 3,894.98 |
| 9/1/2048 | 3,705 | 1.000% | 189.74 | 3,894.74 |
| 12/1/2048 | 3,715 | 1.000% | 180.47 | 3,895.47 |

**Bond Debt Service**

Preston County PSD No. 1

IF

$500,000

40 Years from Closing Date

1% Interest Rate

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 3/1/2049 | 3,724 | 1.000% | 171.19 | 3,895.19 |
| 6/1/2049 | 3,733 | 1.000% | 161.88 | 3,894.88 |
| 9/1/2049 | 3,743 | 1.000% | 152.54 | 3,895.54 |
| 12/1/2049 | 3,752 | 1.000% | 143.19 | 3,895.19 |
| 3/1/2050 | 3,761 | 1.000% | 133.81 | 3,894.81 |
| 6/1/2050 | 3,771 | 1.000% | 124.40 | 3,895.40 |
| 9/1/2050 | 3,780 | 1.000% | 114.98 | 3,894.98 |
| 12/1/2050 | 3,790 | 1.000% | 105.53 | 3,895.53 |
| 3/1/2051 | 3,799 | 1.000% | 96.05 | 3,895.05 |
| 6/1/2051 | 3,808 | 1.000% | 86.55 | 3,894.55 |
| 9/1/2051 | 3,818 | 1.000% | 77.03 | 3,895.03 |
| 12/1/2051 | 3,828 | 1.000% | 67.49 | 3,895.49 |
| 3/1/2052 | 3,837 | 1.000% | 57.92 | 3,894.92 |
| 6/1/2052 | 3,847 | 1.000% | 48.33 | 3,895.33 |
| 9/1/2052 | 3,856 | 1.000% | 38.71 | 3,894.71 |
| 12/1/2052 | 3,866 | 1.000% | 29.07 | 3,895.07 |
| 3/1/2053 | 3,876 | 1.000% | 19.40 | 3,895.40 |
| 6/1/2053 | 3,885 | 1.000% | 9.71 | 3,894.71 |
| | 500,000 | | 103,733.07 | 603,733.07 |

SCHEDULE Z

(None)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 15, 2013

FINAL
2/4/2013

CASE NO. 12-1251-PWD-CN

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1,
a public utility, Arthurdale, Preston County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks system, and for approval of the financing thereof.

## RECOMMENDED DECISION

This Recommended Decision grants the District's application for a certificate of convenience and necessity to construct, operate and maintain extensions to its existing water distribution system to provide water service to approximately 51 new customers and for approval of financing related thereto in the amount of $1,299,280, be approved.

## PROCEDURE

On September 5, 2012, Preston County Public Service District No. 1 (District) filed an application with the Public Service Commission for a certificate of convenience and necessity, pursuant to W. Va. Code §24-2-11, for the construction of certain additions and improvements to the District's existing waterworks system, along with approval of the financing for the project and a request that any requirement for hearing be waived. The District operates a waterworks treatment and distribution system that serves 1,349 customers in its service territory. The District proposes to construct certain additions and improvements to its waterworks system, consisting of the construction of 21,845 linear feet of six-inch water pipe, 29 six-inch gate valves, 51 residential service taps and meter settings, fire hydrants, one pressure-reducing valve station and appurtenances relating thereto. The project will serve 51 new customers along John Orr Road, Pell Road, Irish Ridge Road, Shady Lane, Pratt Hill Road, Birch Creek Road and Mankins Road.

The estimated cost of the project is not expected to exceed $1,299,280. Project funding has been approved by the West Virginia Infrastructure and Jobs Development Council (WVIJDC) as Project No. 2011-W-1285. The project will be funded by an Abandoned Mine Lands (AML) grant in the amount of $713,380, a WVIJDC loan in the amount of $500,000 for 40 years at 1% interest, and a WVIJDC soft cost grant in the amount of $85,900. Pursuant to a Commission Order issued on January 6, 2011, in Case No. 10-1863-PWD-PC, the Commission had granted its

prior consent and approval for the District to accept the $85,900 soft cost grant from the WVIJDC. The District represented that the project will not require a rate increase, as the District's current rates are sufficient to cover the debt service associated with the project funding.

The District anticipated receiving the following permits or approvals for the project: West Virginia Department of Transportation - Right-of-Way Encroachment; West Virginia Bureau of Public Health; NPDES - Storm Water Construction; West Virginia Division of Natural Resources - Stream Activity; U.S. Army Corps of Engineers; West Virginia Division of Natural Resources; and U.S. Fish and Wildlife Service. The District's application also noted that it was possible that the project area and the new customers to be served are also in the service territory of Preston County Public Service District No. 2 (District No. 2). To address this uncertainty, the District obtained District No. 2's consent to serve the customers in the project area, which consent was attached to the application. The District has obtained clearance from the West Virginia Historic and Preservation Office. The District's Engineering Agreement with Hatch, Mott, MacDonald, LLC, was attached to the application. Also attached to the application were a Rule 42 exhibit supporting the District's assertion that no rate increase was necessary; a facilities plan; a project map; plans and specifications; the proposed bond ordinance for the loan through the West Virginia IJDC; and funding commitments for the WVIJDC loan and soft cost grant and AML grant.

By Commission Order entered on September 6, 2012, the District was directed to publish a Notice of Filing of its application, proposed financing and rate impact in a qualified newspaper, published and generally circulated in Preston County, making due return to the Commission of proper certification of publication within 30 days from the date thereof. The Notice provided that anyone desiring to protest or intervene must file a written protest or request for intervention within 30 days following the date of publication. Failure to timely protest or intervene could affect one's right to protest aspects of the certificate case or participate in future proceedings. The Notice also provided that, in the absence of substantial protest received within 30 days of the publication, the Commission may waive formal hearing and render its decision on the application based on the evidence submitted with the application and its review thereof.

By Commission Order entered on September 18, 2012, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before January 18, 2013, in the absence of substantial protest to the application, or on or before February 19, 2013, if substantial protest was received within 30 days after the required notice had been published.

On October 3, 2012, Staff Attorney Lucas Head filed the Initial Joint Staff Memorandum herein, attached to which was the Utilities and Engineering Divisions Initial Memorandum prepared by Utilities Analyst Karen Buckley and Jonathan Fowler, P.E. The Utilities and Engineering Divisions indicated that they were currently reviewing the proposed project and would file a final recommendation within the Commission's time frame.

On October 24, 2012, the District filed an affidavit of publication verifying that the required Notice of Filing was published in the Preston County Journal, a qualified newspaper published and of general circulation in Preston County, on September 19, 2012. The 30-day protest/intervention period expired on October 19, 2012, with no protests having been filed by that date or as of the date of this Order.

On November 21, 2012, the District filed spreadsheets summarizing the new users to be served by the District's proposed project, providing their locations, names, addresses and telephone numbers.

On December 4, 2012, Staff Attorney Head filed the Final Joint Staff Memorandum, attached to which was the Utilities and Engineering Divisions Final Recommendation prepared by Ms. Buckley and Mr. Fowler. The engineering review determined that the District owns and operates a water system serving approximately 1,373 residential and small commercial customers. About 1,299 of the customers are residential, with the remaining customers classified as either commercial users (70 accounts) or industrial users (4 accounts). The system has no resale customers. The proposed project will provide service to approximately 51 new customers located in seven semi-contiguous areas of Preston County, none of which presently has public water.

Mr. Fowler determined that the estimated project cost on a per-customer basis was approximately $39,372, which is considered high, but acceptable, when considering the amount of grant funds provided. The customer density per mile of new main is 14.1 customers per mile, which is deemed to be acceptable in the current project development environment. Approximately 62% of the project is funded by AML grants. Engineering fees for design services amount to approximately 8.9% of construction costs and are within the "range-of-fee" curves presented in ASCE Manual 45. Commission Staff cautioned that the project has not actually been bid yet and that the project cost is based entirely upon estimated construction costs. Once bids are actually received, it is likely that the project cost will increase. In the event that the project cost increases beyond the available funding, additional funding must be secured or the project scope will need to be revised to accommodate the new project budget.

Engineering Staff reviewed the project plans and construction documents and found no apparent violations of the Commission's Rules for the Government and Construction of Water Utilities (Water Rules). Based upon the limited-scope review of the construction documents, Engineering Staff recommended approval of the project without specifically approving the plans and specifications. The project and design and engineering details have been reviewed extensively by the West Virginia Bureau for Public Health and the necessary permit to construct has been issued for the proposed work.

Staff's review of the data furnished by the Applicant and the consulting engineering has convinced Staff that all of the key approvals, permits, general permits or draft permits have either been granted or are pending or have been applied for in association with the proposed construction activities. Engineering Staff believes that the matter is sufficiently mature with respect to permits and approvals to allow for further processing and the issuance of a certificate

at this time. Staff cautioned the Applicant, however, that the potential issuance of a certificate by the Commission does not relieve the Applicant of its responsibility to insure that all necessary approvals, permits, lands, rights-of-way and other regulatory approvals are obtained prior to construction.

Based upon Staff's analysis of the information provided by the application, the net annual operation and maintenance expense for this water system should increase by approximately $7,268 as a result of the project. Engineering Staff also pointed out that the actual cost for maintenance, for the first year, should be essentially zero, since the new system will be under warranty for that period of time. With respect to the need for the project, Staff pointed to studies completed by the West Virginia Division of Environmental Protection, Abandoned Land Mines Section, which showed that the groundwater in the project area has been negatively impacted by past mining activities; contains very high levels of iron and manganese; and is generally unfit for human consumption. However, the residents of the area must use this poor-quality water since no public water supply or other source of potable water is available. Accordingly, the AML program will provide approximately 62% of the funding of the project in grants in order to remediate the negative impact of past mining activities on water supplies in this area.

According to Commission Staff, the engineering studies completed by the AML program reviewed an appropriate number and style of alternatives during project development. Staff has reviewed this work and believes that the selected alternative, the construction of a public water supply, is the most reasonable means of meeting the water needs of the project area. Commission Staff believes the proposed project is both necessary and convenient.

Financial Staff reviewed the project as well. The District estimates the construction to cost approximately $1,299,280, which will be financed with an AML grant in the amount of $713,380, a WVIJDC loan in the amount of $500,000 and a WVIJDC soft cost grant in the amount of $85,900. The terms of the loan are 1% interest for 40 years. The Commission has already granted its prior consent and approval for the District to accept the $85,900 soft cost grant from the WVIJDC. The funding letters were included in the filing. The District's Rule 42 exhibit indicated that operation and maintenance expense would increase by approximately $10,644 for 44 customers. The Engineering Division has determined that annual operation and maintenance expense will only increase by $7,268 as a result of the project with 33 customers. The District's rates will not increase as a result of the project. The revenues generated from the new users should be approximately $12,545 annually. The revenues from the new customers, along with the revenues from the current customers, will leave the District with an annual surplus of $83,942 and debt service coverage of 148%, which satisfies the 115% bond coverage required by the District's outstanding bonds.

Accordingly, Commission Staff recommended that the Commission grant the requested certificate of convenience and necessity to Preston County Public Service District No. 1 to construct, operate and maintain the proposed extensions to its existing water distribution system to provide water service to approximately 33 new customers and for approval of the financing related thereto in the amount of $1,299,288. Since the project has been approved by

the WVIJDC, Staff recommended that, if there are any changes in the plans or scope of the project, the District seek Commission approval of such changes. Further, if there are changes in the rates to be charged associated with the project, the District must also seek Commission approval of those charges. Finally, provided project-related rates remain unchanged, it is not necessary for the District to seek further Commission approval of changes in project cost or financing. However, under such circumstances, the District should be required to file an affidavit executed by its certified public accountant, verifying that is rates and charges are not affected. Staff also recommended that the District promptly file a copy of the engineer's certified tabulation of bids for each contract associated with the project and that the District promptly file a copy of the certification of substantial completion for each contract associated with the project.

On December 14, 2012, the District filed a response to Commission Staff's Final Joint Staff Memorandum and stated that it had no objection to any of the recommendations and supported Staff's recommendation that an order be entered incorporating its recommendations.

## FINDINGS OF FACT

1. On September 5, 2012, Preston County Public Service District No. 1 filed an application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks system to serve 51 new customers, located in seven semi-contiguous areas of Preston County, none of which presently has public water service. The District already serves approximately 1,373 residential and small commercial customers. The proposed project has been reviewed and approved by the West Virginia Infrastructure and Jobs Development Council in Project No. 2011-W-1285. (Application filed September 5, 2012; Utilities and Engineering Divisions Final Memorandum filed December 4, 2012).

2. The District has given proper notice of the application by publishing the Notice of Filing one time in a qualified newspaper, published and generally circulated in Preston County, providing 30 days for anyone affected by the project to file a protest or request to intervene in this proceeding. No protests or requests to intervene have been filed either by the expiration of the 30-day protest period or as of the date of this Order. (Affidavit of publication filed October 24, 2012; case file generally).

3. The District estimates that the project will cost approximately $1,299,280, and will be financed by an Abandoned Mine Lands grant in the amount of $713,380; a WVIJDC loan in the amount of $500,000 at a 1% interest rate for a term of 40 years; and a WVIJDC soft cost grant in the amount of $85,900. The Commission has already granted its prior consent and approval for the District to accept the $85,900 soft cost grant. All funding letters for the proposed financing were included in the District's application. (Application filed September 5, 2012; Utilities and Engineering Divisions Final Memorandum filed December 4, 2012).

4. The District's rates and charges are not anticipated to increase as a result of the project. The new users should generate annual revenues of approximately $12,545. Those revenues, along with the revenues from the current customers of the District, should generate

an annual cash flow surplus of $83,942, and debt service coverage of 148%, which satisfies the 115% bond coverage required by the District's bonds. (Rule 42 exhibit filed with application on September 5, 2012; Utilities and Engineering Divisions Final Memorandum filed December 4, 2012).

5. Studies performed by the West Virginia Division of Environmental Protection, AML Section, demonstrate that the groundwater in the project area has been negatively impacted by past mining activities; contains very high levels of iron and manganese; and is generally unfit for human consumption. There is no public water supply or other source of potable water available. Accordingly, the AML program will provide 62% grant funding to construct the project in order to remediate the negative impact of past mining activities on the water supplies in these areas. (Application filed September 5, 2012; Utilities and Engineering Divisions Final Memorandum filed December 4, 2012).

6. Commission Staff has reviewed the plans and specifications and construction documents of the project and can find no apparent violations of the Commission's Water Rules. (Utilities and Engineering Divisions Final Memorandum filed December 4, 2012).

7. Commission Staff, following its review and investigation, has recommended that the Commission grant the requested application for a certificate of convenience and necessity and approve the proposed financing related thereto, with conditions. (Utilities and Engineering Divisions Final Memorandum filed December 4, 2012).

8. The District has either received or has applied for all necessary permits, approvals, rights-of-way, etc., and Commission Staff anticipates that the District will have received all necessary permits and approvals prior to the commencement of construction of the project. (Utilities and Engineering Divisions Final Memorandum filed December 4, 2012).

9. Preston County Public Service District No. 1 has no objection to any of the recommendations contained in the Staff filing and supports Staff's recommendations. (District letter filed December 14, 2012).

## CONCLUSIONS OF LAW

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

2. The project is economically feasible, since it has been fully funded with approximately 62% grant funding from the Abandoned Mine Lands program, and all funding has been committed, and since no rate increase is necessary.

3. It is reasonable to grant a certificate application to Preston County Public Service District No. 1 to construct the proposed project and approve the proposed financing, since the project is needed, it is fully financed, the public has been given notice of the project and no protests or requests to intervene have been filed in opposition thereto.

4. This application may be granted without a hearing because the application was appropriately published and no protests or requests to intervene were filed within the 30-day protest period or as of the date of this Order.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed on September 5, 2012, by Preston County Public Service District No. 1, to construct certain additions and improvements to its existing waterworks system, to provide potable water service to approximately 51 customers located in various areas in Preston County, at an estimated cost of $1,299,280, be, and it hereby is, granted, without specifically approving the plans and specifications.

IT IS FURTHER ORDERED that the proposed financing for the project, consisting of an Abandoned Mine Lands grant in the amount of $713,380; a West Virginia Infrastructure and Jobs Development Council loan in the amount of $500,000 for a term of 40 years at 1% interest; and a WVIJDC soft cost grant in the amount of $85,900, be, and it hereby is, approved.

IT IS FURTHER ORDERED that Preston County Public Service District No. 1 not commence construction until it has received all required federal, state, county and local permits, approvals, etc. The District shall file any permits, approvals, etc., that it has not yet received with the Commission prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in the plans or scope of the project, the District seek Commission approval of such changes. If there are changes in the rates to be charged associated with the project, the District must also seek Commission approval of such changes.

IT IS FURTHER ORDERED that, if project-related rates remain unchanged, it is not necessary for the District to seek further Commission approval of changes in project costs or financing. However, under such circumstances, the District must file an affidavit executed by its certified public accountant, verifying that its rates and charges are not affected.

IT IS FURTHER ORDERED that the District file a copy of the engineer's certified tabulation of bids for each contract associated with the project, within ten days of the receipt of such tabulation.

IT IS FURTHER ORDERED that the District file a copy of the certificate of substantial completion for each contract associated with the project, within ten (10) days of receipt of each certificate of substantial completion.

IT IS FURTHER ORDERED that, should the District require the use of Division of Highways' rights-of-way, the District comply with all rules and regulations of the Division of Highways with respect to the use of those rights-of-way.

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

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

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

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

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

Melissa K. Marland
Chief Administrative Law Judge

MKM:cdk
121251a.doc

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information
(304) 353-8148 – Telephone
(304) 353-8180 – Facsimile
todd.swanson@steptoe-johnson.com
WVSB No. 10509

October 24, 2012

02:58 PM OCT 24 2012 PSC EXEC SEC DIV

***VIA HAND DELIVERY***
Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: **CASE NO.: 12-1251-PWD-CN**
**PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1**
**Preston County, West Virginia**
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks system, and for approval of the financing thereof.

Dear Ms. Squire:

Enclosed herein for filing on behalf of Preston County Public Service District No. 1, please find the original and twelve (12) copies of the affidavit of publication verifying that the Notice of Filing was published in the *Preston County Journal* on September 19, 2012.

I ask that you please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger.

Thank you in advance for your attention to this matter, and please contact me should you have any questions.

Sincerely,

Todd M. Swanson

TMS
Encl.
cc: Joyce Myers, General Manager (w/ encl.)
Gary D. Facemyer, P.E. (w/o encl.)
Roberta Baylor (w/o encl.)
Zachary D. Dobbins, CPA (w/o encl.)

723800.00002

CH6124231.1

# Certificate of Publication

I, **Carol Peters,** the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that
the notice

PCSD #1

a copy of which notice is hereto annexed, was published in said paper for One successive weeks, beginning with its issue of 9/19/12

and expiring with its issue of 9/19/12

And, I do further certify that on 9/19/12

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters

ADVERTISING MANAGER

Subscribed and sworn to before me this the 19th day of September, 20 12

Dennis E. Peters

NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
110 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

Kingwood, WV_____

Received of_____

Amount for publishing notice hereto $_____

ADVERTISING MANAGER

# LEGAL NOTICE

**PUBLIC SERVICE COMMISSION**
**OF WEST VIRGINIA**
**CHARLESTON**

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 6th day of September 2012.

**CASE NO. 12- 1251-PWD-CN**

**PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 Preston County, West Virginia**

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks system; and for approval of the financing thereof.

**NOTICE OF FILING**

On September 5, 2012, Preston County Public Service District No. 1 (District) filed an application, duly verified, for a Certificate to construct certain additions and improvements to the District's existing waterworks system in Preston County.

The District proposes to construct certain additions and improvements to its waterworks system consisting of construction of 21,845 linear feet of 6-inch water pipe, 29 6-inch gate valves, fifty-one (51) residential services taps and meter settings, fire hydrants, one pressure reducing valve station, and appurtenances relating thereto to serve fifty-one (51) new customers.

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

The District estimates that construction will cost approximately $1,299,280.00. It is proposed that the construction will be financed by an Abandon Mines Lands grant in the amount of $713,380.00, a West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan in the amount of $500,000.00 for 40 years at 1%, and a WVIJDC soft cost grant in the amount of $85,900.00.

The District **does not** seek a rate increase in connection with this filing and will continue to charge the following current tariff rates:

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (customers with metered water supply)

| | |
|---|---|
| First | 3,000 gallons per month $8.98 per 1,000 gallons |
| Next | 3,000 gallons per month $7.18 per 1,000 gallons |
| Next | 4,000 gallons per month $6.14 per 1,000 gallons |
| Next | 10,000 gallons per month $5.14 per 1,000 gallons |
| All Over | 20,000 gallons per month $3.57 per 1,000 gallons |

MINIMUM CHARGE

No bill will be rendered for less than the following, based upon the meter size:

| | |
|---|---|
| 5/8 inch meter | $26.94 per month |
| 3/4 inch meter | $40.41 per month |
| 1 inch meter | $67.35 per month |
| 1-1/2 inch meter | $134.70 per month |
| 2 inch meter | $215.52 per month |
| 3 inch meter | $431.04 per month |

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

RECONNECTION

$20.00

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

PRIVATE FIRE PROTECTION SERVICE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer: $150.00 annual fee.

LEAK ADJUSTMENT

$0.85 per 1,000 gallons is to be used when the bill reflects unusu consumption which can be attributed to eligible leakage on the customer side of the meter. This rate shall be applied to all such consumption abov the customer's historical average usage.

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

A deposit of $450.00 or two-twelfths (2/12) of the average annual usage the applicant's specific customer class, whichever is greater.

The District has no resale customers.

Anyone desiring to protest or intervene should file a written prote or request to intervene within thirty (30) days following the date of th publication unless otherwise modified by Commission order. Failure timely protest or intervene can affect your right to protest aspects of th certificate case or participate in future proceedings. All protests or request to intervene should briefly state the reason for the protest or request intervene. Requests to intervene must comply with the rules on interventio set forth in the Commission Rules of Practice and Procedure. All protes and requests to intervene should be addressed to Executive Secretary, P.C Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days this publication, the Commission may waive formal hearing and rend its decision on the application based on the evidence submitted with sa application and its review thereof.

9/1

090741alj111709.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 17, 2009

FINAL

12/7/2009

CASE NO. 09-0741-PWD-19A

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
a public utility, Arthurdale, Preston County.
Application to increase water rates and charges.

RECOMMENDED DECISION

On May 13, 2009, the Preston County Public Service District (District) filed a Rule 19A application to increase its water rates and charges.

On June 16, 2009, the District filed a completed Tariff Form No. 6-A which reflected that, on June 3, 2009, the District had mailed separate notice of the requested rate increase to all of its customers.

On June 17, 2009, Staff Attorney Cassius Toon filed the Initial Joint Staff Memorandum. Specifically, Mr. Toon discussed Rule 8.2.f. which requires that, within thirty (30) days of the date the Commission issues its procedural order stating the Staff report due date, the Applicant shall have completed the mailing of separate notices to each of its customers. Mr. Toon also discussed Rule 8.2.i., which requires the utility to provide notice of the Staff-recommended rates. The District was also reminded of its obligation to complete and file with the Commission Tariff Forms Nos. 6-A and 6-B after the District provided notices to its customers. Mr. Toon also indicated that a final recommendation would be made after Technical Staff completed its investigation and review.

On June 18, 2009, Staff Attorney Toon filed the Further Joint Staff Memorandum to which was attached the June 18, 2009 Initial Internal Memorandum prepared by Ron Vernon, Utilities Analyst I, Water and Wastewater Division. Mr. Vernon reported that, according to the District's annual report ending June 30, 2008, the District's water operating revenues were $466,269.

By Commission Order dated July 1, 2009, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before January 8, 2010. Commission Staff was directed to file its report on or before August 21, 2009. The Applicant was required to mail separate notices to each individual customer of the requested rate increase on or before July 31, 2009. The Applicant was also required to provide the Commission with the appropriate certificate evidencing the mailing of separate notices on or before August 17, 2009.

On August 21, 2009, Staff Attorney Toon filed a Final Joint Staff Memorandum to which was attached the August 21, 2009 Staff Report prepared by Mr. Vernon. Staff reported that the District serves approximately 1,281 customers in the Arthurdale, Reedsville, Valley District and Kingwood Pike areas in Preston County, West Virginia. The District also purchases a small amount of potable water from the Clinton Water Association to serve a section of its system. Although the District was granted a certificate in Case No. 05-1602-PWD-CN, the tariff rates approved were never implemented by the District. To date, the District has not submitted a letter of substantial completion in the certificate proceeding. The District's petition to reopen the certificate proceeding was granted for the purpose of approving the change of terms for financing the project.

To provide for an adequate level of capital surplus, Staff analyzed the District's 5-year average annual capital additions less any acquired debt or contributions in aid of construction. The average additions were adjusted by a construction cost index factor to account for cost increases. Staff calculated the five-year average annual additions amount to be $11,386. To meet the District's minimum debt coverage requirement of 115% Staff developed rates which will generate an annual renewal and replacement reserve balance of approximately $13,565. Staff's recommended rates will produce a combined capital additions surplus, including the renewal and replacement reserve, in the approximate amount of $21,807, which is necessary to provide for the debt coverage of approximately 115%.

Staff recommended an across-the-board increase of approximately 13.2% to the District's current rates and charges. The Staff-recommended rates and charges provide for a monthly minimum bill of $26.94, based on 3,000 gallons of water used each month. An average bill based on 4,500 gallons of usage each month will be $37.71. Staff's recommended rates and charges provide a $8,242 cash surplus with a debt service coverage factor of 115.10%.

Staff calculated the District's leak adjustment rate to be $0.85 per 1,000 gallons.

In summary, Staff recommended the following: (a) approval of a 13.2% across-the-board increase to the District's current rates and charges; (b) approval of the increased leak adjustment rate of $0.85 per M gallons; and (c) approval of Staff's recommended level for capital additions, i.e., a renewal and replacement reserve of $13,565 and a cash surplus of $8,242.

By Procedural Order dated September 29, 2009, the District was required to publish notice of the Staff-recommended water rates once a week for two (2) consecutive weeks.

On October 6, 2009, the District filed a completed Tariff Form No. 6-B.

On October 20, 2009, the District filed Certificates of Publication which reflected that Tariff Form No. 10, the Notice of Application to Change Rates, containing the Staff-recommended rates, had been published on October 7 and 14, 2009, in The Preston County Journal and on October

3 and 10, 2009, in The Preston County News, qualified newspapers as provided in West Virginia Code Sections 59-3-1 et seq., and published and generally circulated in Preston County.

As of the date of this Order, no letters of protest have been filed. Additionally, the District has not filed a response to the Final Joint Staff Memorandum.

## FINDINGS OF FACT

1. On May 13, 2009, the Preston County Public Service District No. 1 filed a Rule 19A application to increase its water rates and charges. (See, filing dated May 13, 2009).

2. The District's going-level rates result in a cash deficit of $50,988 and a debt service coverage factor of only 84.15%. (See, Staff Report filed August 21, 2009, Statement H).

3. The Staff-recommended water rates will result in an approximate across-the-board increase of 13.2% to the District's current rates and charges, providing the District with a cash surplus of $8,242 and a debt service coverage factor of 115.10%. Staff opined that the District requires a capital surplus in the amount of $21,807 with $13,565 coming from its R&R reserve. (See, Staff Report filed August 21, 2009, Letter of Transmittal, pp. 3-4 and Statement H).

4. Notice of the Staff-recommended water rates and charges was published on October 3 and 10, 2009, in The Preston County News, and on October 7 and 14, 2009, in The Preston County Journal, qualified newspapers as provided in West Virginia Code Sections 59-3-1 et seq., and published and generally circulated in Preston County. (See, filing dated October 20, 2009).

5. No protests were filed to the Staff-recommended increased water rates and charges. (See, case file generally).

6. The District did not object to the Final Joint Staff Memorandum. (See, case file generally).

## CONCLUSION OF LAW

The Staff-recommended increased water rats and charges are sufficient, but not more than sufficient, to cover the District's operation and maintenance expenses, debt service requirements and average annual plant additions and should be approved.

## ORDER

IT IS, THEREFORE, ORDERED that the Staff-recommended increased water rates and charges, and other tariff changes, as set forth in Appendix A, attached hereto, be, and hereby are, approved to become effective for all service rendered by the Preston County Public Service District No. 1 on and after the date this Recommended Decision becomes a final Commission Order.

IT IS FURTHER ORDERED that the Preston County Public Service District No. 1 file with the Commission's Tariff Office an original and no less than five (5) copies of a proper water tariff reflecting the rates approved herein within thirty (30) days of the date that this Recommended Decision becomes a final Commission Order.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and 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.

Deborah Yost VanDervort
Deborah Yost VanDervort
Administrative Law Judge

DYV:s:cdk
090741aa.wpd

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
CASE NO. 09-0741-PWD-19A

## APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (customers with metered water supply)

| | | |
|---|---|---|
| First | 3,000 gallons used per month | $8.98 per 1,000 gallons |
| Next | 3,000 gallons used per month | $7.18 per 1,000 gallons |
| Next | 4,000 gallons used per month | $6.14 per 1,000 gallons |
| Next | 10,000 gallons used per month | $5.14 per 1,000 gallons |
| All Over | 20,000 gallons used per month | $3.57 per 1,000 gallons |

MINIMUM CHARGE

No bill will be rendered for less than the following, based upon the meter size:

| | |
|---|---|
| 5/8-inch meter | $ 26.94 per month |
| 3/4-inch meter | $ 40.41 per month |
| 1 -inch meter | $ 67.35 per month |
| 1-1/2-inch meter | $134.70 per month |
| 2 -inch meter | $215.52 per month |
| 3 -inch meter | $431.04 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 charge is to be made whenever the utility installs a new tap to serve an applicant:

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 $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.

PRIVATE FIRE PROTECTION SERVICE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer: $150.00 annual fee

LEAK ADJUSTMENT

$0.85 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.

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.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12ths of the average annual usage of the applicant's specific customer class, whichever is greater.

**WEST VIRGINIA**

**Infrastructure & Jobs Development Council**

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

Thursday, August 02, 2012

Mike Adams, Chairman
Preston County Public Service District No. 1
P.O. Box 322
Arthurdale, WV 26520-0322

Re: Preston County Public Service District No. 1
Water Project **2011W-1285***
Revised IJDC Binding Commitment
**(Action Required by Friday, August 31, 2012)**

Dear Mr. Adams:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the preliminary application for the above-named project (Project). The Council provides this revised binding offer of an Infrastructure Fund loan (Loan) for the above-referenced project.

Funding Commitment:

Below is grant information for this project:

AML Grant - $713,380.00 - Committed
IJDC Soft Cost Grant - $85,900.00 – Committed

Below is loan information for this project:

IJDC District 1 Loan - $500,000.00 (1%, 40 yrs) - Committed

The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The Council will authorize the West Virginia Water Development Authority (Authority) to enter into the agreement with the Sponsor following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Council.

180 Association Drive • Charleston, WV 25311 • Phone (304) 414-6501 • Fax (304) 414-0866

www.wvinfrastructure.com

If the Sponsor has any questions regarding this commitment, please contact James W. Ellars at (304) 414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Attachment

cc: Bob Decrease, BPH *(via e-mail)*
Roberta Baylor, Preston County Economic Development Authority *(via e-mail)*
James W. Fetty Jr., Morgantown Utility Board *(via e-mail)*
Zachary D Dobbins, Bennett & Dobbins PLLC *(via e-mail)*
Samme Gee, Jackson Kelly PLLC *(via e-mail)*

**NOTE: Please acknowledge receipt below, keep one original, and immediately return one copy to the Infrastructure Council.**

PRESTON COUNTY PSD NO. 1

By: _____

Its: _____

Date: _____

***Please note that this Project No. 2011W-1285 has been terminated due to the Sponsor's previous rejection of funding. Also, Project No. 2010W-1214SC for the soft cost grant will also be terminated and be included in the resubmission of the application. Please contact Leanna Smith at (304) 414-6501 (X109) for information on how to re-file the application for the reassignment of a new project number. This will be necessary to initiate the Infrastructure Fund loan and the soft cost grant.**

## WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Preston County Public Service District No. 1
Water Project No. – TBD

### SCHEDULE A

A. Approximate Amount: $500,000 Loan

B. Loan: $500,000

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

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

| | | | |
|---|---|---|---|
| C. | Other Funding: | AML grant | $713,380 |
| | | IJDC soft cost grant (committed 12/8/2010 – Project # **2010W-1214SC***) | 85,900 |
| D. | Total Project Cost: | | $1,299,280 |

E. Proposed User Rates: Approximately $34.12 / 4000 gallons

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 7th day of August, 2013, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Preston County Public Service District No. 1 (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 2013 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $500,000, numbered AR-1 (the "Series 2013 A Bonds"), issued as a single, fully registered Bond, and dated August 7, 2013.

2. At the time of such receipt, all the Series 2013 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 2013 A Bonds, of $79,530.16, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

723810.00003

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 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 7th day of August, 2013, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Preston County Public Service District No. 1 Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), in the principal amount of $500,000 (the "Series 2013 A Bonds"), dated August 7, 2013 (the "Bonds"), executed by the Chairman and Secretary of Preston County Public Service District No. 1 (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 July 23, 2013, and a Supplemental Resolution duly adopted by the Issuer on July 23, 2013 (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 2013 A Bonds, dated August 7, 2013, 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 2013 A Bonds to the Authority upon payment to the Issuer of the sum of $79,530.16, representing a portion of the principal amount of the Series 2013 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.

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

723810.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND, SERIES 2013 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $500,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 7th day of August, 2013, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public service district, public corporation and political subdivision of the State of West Virginia in Preston 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 FIVE HUNDRED THOUSAND DOLLARS ($500,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2014, to and including June 1, 2053 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest of 1.0% per annum payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2014, to and including June 1, 2053 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated August 7, 2013.

This Bond is issued (i) to pay a portion of 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 2013 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 additions, betterments, 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 July 23, 2013, and a Supplemental Resolution duly adopted by the Issuer on July 23, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 19, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $585,000 (THE "SERIES 1995 A BONDS"); (2) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 19, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); (3) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,319,300 (THE "SERIES 2007 A BONDS"); AND (4) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED JULY 12, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $806,838 (THE "SERIES 2007 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2013 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with the Bonds, including 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 and interest 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, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 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

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: August 7, 2013.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $79,530.16 | 08/07/2013 | (19) | |
| (2) | | (20) | |
| (3) | | (21) | |
| (4) | | (22) | |
| (5) | | (23) | |
| (6) | | (24) | |
| (7) | | (25) | |
| (8) | | (26) | |
| (9) | | (27) | |
| (10) | | (28) | |
| (11) | | (29) | |
| (12) | | (30) | |
| (13) | | (31) | |
| (14) | | (32) | |
| (15) | | (33) | |
| (16) | | (34) | |
| (17) | | (35) | |
| (18) | | (36) | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

**Bond Debt Service**

Preston County PSD No. 1

IF

$500,000

40 Years from Closing Date

1% Interest Rate

| | |
|---|---|
| Dated Date | 8/7/2013 |
| Delivery Date | 8/7/2013 |

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 12/1/2014 | 2,645 | 1.000% | 1,250.00 | 3,895.00 |
| 3/1/2015 | 2,652 | 1.000% | 1,243.39 | 3,895.39 |
| 6/1/2015 | 2,658 | 1.000% | 1,236.76 | 3,894.76 |
| 9/1/2015 | 2,665 | 1.000% | 1,230.11 | 3,895.11 |
| 12/1/2015 | 2,672 | 1.000% | 1,223.45 | 3,895.45 |
| 3/1/2016 | 2,678 | 1.000% | 1,216.77 | 3,894.77 |
| 6/1/2016 | 2,685 | 1.000% | 1,210.08 | 3,895.08 |
| 9/1/2016 | 2,692 | 1.000% | 1,203.36 | 3,895.36 |
| 12/1/2016 | 2,698 | 1.000% | 1,196.63 | 3,894.63 |
| 3/1/2017 | 2,705 | 1.000% | 1,189.89 | 3,894.89 |
| 6/1/2017 | 2,712 | 1.000% | 1,183.13 | 3,895.13 |
| 9/1/2017 | 2,719 | 1.000% | 1,176.35 | 3,895.35 |
| 12/1/2017 | 2,726 | 1.000% | 1,169.55 | 3,895.55 |
| 3/1/2018 | 2,732 | 1.000% | 1,162.73 | 3,894.73 |
| 6/1/2018 | 2,739 | 1.000% | 1,155.90 | 3,894.90 |
| 9/1/2018 | 2,746 | 1.000% | 1,149.06 | 3,895.06 |
| 12/1/2018 | 2,753 | 1.000% | 1,142.19 | 3,895.19 |
| 3/1/2019 | 2,760 | 1.000% | 1,135.31 | 3,895.31 |
| 6/1/2019 | 2,767 | 1.000% | 1,128.41 | 3,895.41 |
| 9/1/2019 | 2,774 | 1.000% | 1,121.49 | 3,895.49 |
| 12/1/2019 | 2,780 | 1.000% | 1,114.56 | 3,894.56 |
| 3/1/2020 | 2,787 | 1.000% | 1,107.61 | 3,894.61 |
| 6/1/2020 | 2,794 | 1.000% | 1,100.64 | 3,894.64 |
| 9/1/2020 | 2,801 | 1.000% | 1,093.65 | 3,894.65 |
| 12/1/2020 | 2,808 | 1.000% | 1,086.65 | 3,894.65 |
| 3/1/2021 | 2,815 | 1.000% | 1,079.63 | 3,894.63 |
| 6/1/2021 | 2,822 | 1.000% | 1,072.59 | 3,894.59 |
| 9/1/2021 | 2,830 | 1.000% | 1,065.54 | 3,895.54 |
| 12/1/2021 | 2,837 | 1.000% | 1,058.46 | 3,895.46 |
| 3/1/2022 | 2,844 | 1.000% | 1,051.37 | 3,895.37 |
| 6/1/2022 | 2,851 | 1.000% | 1,044.26 | 3,895.26 |
| 9/1/2022 | 2,858 | 1.000% | 1,037.13 | 3,895.13 |
| 12/1/2022 | 2,865 | 1.000% | 1,029.99 | 3,894.99 |
| 3/1/2023 | 2,872 | 1.000% | 1,022.83 | 3,894.83 |
| 6/1/2023 | 2,879 | 1.000% | 1,015.65 | 3,894.65 |
| 9/1/2023 | 2,887 | 1.000% | 1,008.45 | 3,895.45 |
| 12/1/2023 | 2,894 | 1.000% | 1,001.23 | 3,895.23 |
| 3/1/2024 | 2,901 | 1.000% | 994.00 | 3,895.00 |
| 6/1/2024 | 2,908 | 1.000% | 986.74 | 3,894.74 |
| 9/1/2024 | 2,916 | 1.000% | 979.47 | 3,895.47 |
| 12/1/2024 | 2,923 | 1.000% | 972.18 | 3,895.18 |
| 3/1/2025 | 2,930 | 1.000% | 964.88 | 3,894.88 |
| 6/1/2025 | 2,937 | 1.000% | 957.55 | 3,894.55 |

**Bond Debt Service**

Preston County PSD No. 1

IF

$500,000

40 Years from Closing Date

1% Interest Rate

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 9/1/2025 | 2,945 | 1.000% | 950.21 | 3,895.21 |
| 12/1/2025 | 2,952 | 1.000% | 942.85 | 3,894.85 |
| 3/1/2026 | 2,960 | 1.000% | 935.47 | 3,895.47 |
| 6/1/2026 | 2,967 | 1.000% | 928.07 | 3,895.07 |
| 9/1/2026 | 2,974 | 1.000% | 920.65 | 3,894.65 |
| 12/1/2026 | 2,982 | 1.000% | 913.21 | 3,895.21 |
| 3/1/2027 | 2,989 | 1.000% | 905.76 | 3,894.76 |
| 6/1/2027 | 2,997 | 1.000% | 898.29 | 3,895.29 |
| 9/1/2027 | 3,004 | 1.000% | 890.79 | 3,894.79 |
| 12/1/2027 | 3,012 | 1.000% | 883.28 | 3,895.28 |
| 3/1/2028 | 3,019 | 1.000% | 875.75 | 3,894.75 |
| 6/1/2028 | 3,027 | 1.000% | 868.21 | 3,895.21 |
| 9/1/2028 | 3,034 | 1.000% | 860.64 | 3,894.64 |
| 12/1/2028 | 3,042 | 1.000% | 853.05 | 3,895.05 |
| 3/1/2029 | 3,050 | 1.000% | 845.45 | 3,895.45 |
| 6/1/2029 | 3,057 | 1.000% | 837.82 | 3,894.82 |
| 9/1/2029 | 3,065 | 1.000% | 830.18 | 3,895.18 |
| 12/1/2029 | 3,073 | 1.000% | 822.52 | 3,895.52 |
| 3/1/2030 | 3,080 | 1.000% | 814.84 | 3,894.84 |
| 6/1/2030 | 3,088 | 1.000% | 807.14 | 3,895.14 |
| 9/1/2030 | 3,096 | 1.000% | 799.42 | 3,895.42 |
| 12/1/2030 | 3,103 | 1.000% | 791.68 | 3,894.68 |
| 3/1/2031 | 3,111 | 1.000% | 783.92 | 3,894.92 |
| 6/1/2031 | 3,119 | 1.000% | 776.14 | 3,895.14 |
| 9/1/2031 | 3,127 | 1.000% | 768.34 | 3,895.34 |
| 12/1/2031 | 3,135 | 1.000% | 760.53 | 3,895.53 |
| 3/1/2032 | 3,142 | 1.000% | 752.69 | 3,894.69 |
| 6/1/2032 | 3,150 | 1.000% | 744.83 | 3,894.83 |
| 9/1/2032 | 3,158 | 1.000% | 736.96 | 3,894.96 |
| 12/1/2032 | 3,166 | 1.000% | 729.06 | 3,895.06 |
| 3/1/2033 | 3,174 | 1.000% | 721.15 | 3,895.15 |
| 6/1/2033 | 3,182 | 1.000% | 713.21 | 3,895.21 |
| 9/1/2033 | 3,190 | 1.000% | 705.26 | 3,895.26 |
| 12/1/2033 | 3,198 | 1.000% | 697.28 | 3,895.28 |
| 3/1/2034 | 3,206 | 1.000% | 689.29 | 3,895.29 |
| 6/1/2034 | 3,214 | 1.000% | 681.27 | 3,895.27 |
| 9/1/2034 | 3,222 | 1.000% | 673.24 | 3,895.24 |
| 12/1/2034 | 3,230 | 1.000% | 665.18 | 3,895.18 |
| 3/1/2035 | 3,238 | 1.000% | 657.11 | 3,895.11 |
| 6/1/2035 | 3,246 | 1.000% | 649.01 | 3,895.01 |
| 9/1/2035 | 3,254 | 1.000% | 640.90 | 3,894.90 |
| 12/1/2035 | 3,262 | 1.000% | 632.76 | 3,894.76 |
| 3/1/2036 | 3,270 | 1.000% | 624.61 | 3,894.61 |
| 6/1/2036 | 3,279 | 1.000% | 616.43 | 3,895.43 |
| 9/1/2036 | 3,287 | 1.000% | 608.24 | 3,895.24 |
| 12/1/2036 | 3,295 | 1.000% | 600.02 | 3,895.02 |
| 3/1/2037 | 3,303 | 1.000% | 591.78 | 3,894.78 |

**Bond Debt Service**

Preston County PSD No. 1

IF

$500,000

40 Years from Closing Date

1% Interest Rate

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 6/1/2037 | 3,312 | 1.000% | 583.52 | 3,895.52 |
| 9/1/2037 | 3,320 | 1.000% | 575.24 | 3,895.24 |
| 12/1/2037 | 3,328 | 1.000% | 566.94 | 3,894.94 |
| 3/1/2038 | 3,336 | 1.000% | 558.62 | 3,894.62 |
| 6/1/2038 | 3,345 | 1.000% | 550.28 | 3,895.28 |
| 9/1/2038 | 3,353 | 1.000% | 541.92 | 3,894.92 |
| 12/1/2038 | 3,362 | 1.000% | 533.54 | 3,895.54 |
| 3/1/2039 | 3,370 | 1.000% | 525.13 | 3,895.13 |
| 6/1/2039 | 3,378 | 1.000% | 516.71 | 3,894.71 |
| 9/1/2039 | 3,387 | 1.000% | 508.26 | 3,895.26 |
| 12/1/2039 | 3,395 | 1.000% | 499.80 | 3,894.80 |
| 3/1/2040 | 3,404 | 1.000% | 491.31 | 3,895.31 |
| 6/1/2040 | 3,412 | 1.000% | 482.80 | 3,894.80 |
| 9/1/2040 | 3,421 | 1.000% | 474.27 | 3,895.27 |
| 12/1/2040 | 3,429 | 1.000% | 465.72 | 3,894.72 |
| 3/1/2041 | 3,438 | 1.000% | 457.14 | 3,895.14 |
| 6/1/2041 | 3,446 | 1.000% | 448.55 | 3,894.55 |
| 9/1/2041 | 3,455 | 1.000% | 439.93 | 3,894.93 |
| 12/1/2041 | 3,464 | 1.000% | 431.30 | 3,895.30 |
| 3/1/2042 | 3,472 | 1.000% | 422.64 | 3,894.64 |
| 6/1/2042 | 3,481 | 1.000% | 413.96 | 3,894.96 |
| 9/1/2042 | 3,490 | 1.000% | 405.25 | 3,895.25 |
| 12/1/2042 | 3,499 | 1.000% | 396.53 | 3,895.53 |
| 3/1/2043 | 3,507 | 1.000% | 387.78 | 3,894.78 |
| 6/1/2043 | 3,516 | 1.000% | 379.01 | 3,895.01 |
| 9/1/2043 | 3,525 | 1.000% | 370.22 | 3,895.22 |
| 12/1/2043 | 3,534 | 1.000% | 361.41 | 3,895.41 |
| 3/1/2044 | 3,542 | 1.000% | 352.58 | 3,894.58 |
| 6/1/2044 | 3,551 | 1.000% | 343.72 | 3,894.72 |
| 9/1/2044 | 3,560 | 1.000% | 334.84 | 3,894.84 |
| 12/1/2044 | 3,569 | 1.000% | 325.94 | 3,894.94 |
| 3/1/2045 | 3,578 | 1.000% | 317.02 | 3,895.02 |
| 6/1/2045 | 3,587 | 1.000% | 308.08 | 3,895.08 |
| 9/1/2045 | 3,596 | 1.000% | 299.11 | 3,895.11 |
| 12/1/2045 | 3,605 | 1.000% | 290.12 | 3,895.12 |
| 3/1/2046 | 3,614 | 1.000% | 281.11 | 3,895.11 |
| 6/1/2046 | 3,623 | 1.000% | 272.07 | 3,895.07 |
| 9/1/2046 | 3,632 | 1.000% | 263.01 | 3,895.01 |
| 12/1/2046 | 3,641 | 1.000% | 253.93 | 3,894.93 |
| 3/1/2047 | 3,650 | 1.000% | 244.83 | 3,894.83 |
| 6/1/2047 | 3,659 | 1.000% | 235.71 | 3,894.71 |
| 9/1/2047 | 3,668 | 1.000% | 226.56 | 3,894.56 |
| 12/1/2047 | 3,678 | 1.000% | 217.39 | 3,895.39 |
| 3/1/2048 | 3,687 | 1.000% | 208.19 | 3,895.19 |
| 6/1/2048 | 3,696 | 1.000% | 198.98 | 3,894.98 |
| 9/1/2048 | 3,705 | 1.000% | 189.74 | 3,894.74 |
| 12/1/2048 | 3,715 | 1.000% | 180.47 | 3,895.47 |

**Bond Debt Service**

Preston County PSD No. 1

IF

$500,000

40 Years from Closing Date

1% Interest Rate

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 3/1/2049 | 3,724 | 1.000% | 171.19 | 3,895.19 |
| 6/1/2049 | 3,733 | 1.000% | 161.88 | 3,894.88 |
| 9/1/2049 | 3,743 | 1.000% | 152.54 | 3,895.54 |
| 12/1/2049 | 3,752 | 1.000% | 143.19 | 3,895.19 |
| 3/1/2050 | 3,761 | 1.000% | 133.81 | 3,894.81 |
| 6/1/2050 | 3,771 | 1.000% | 124.40 | 3,895.40 |
| 9/1/2050 | 3,780 | 1.000% | 114.98 | 3,894.98 |
| 12/1/2050 | 3,790 | 1.000% | 105.53 | 3,895.53 |
| 3/1/2051 | 3,799 | 1.000% | 96.05 | 3,895.05 |
| 6/1/2051 | 3,808 | 1.000% | 86.55 | 3,894.55 |
| 9/1/2051 | 3,818 | 1.000% | 77.03 | 3,895.03 |
| 12/1/2051 | 3,828 | 1.000% | 67.49 | 3,895.49 |
| 3/1/2052 | 3,837 | 1.000% | 57.92 | 3,894.92 |
| 6/1/2052 | 3,847 | 1.000% | 48.33 | 3,895.33 |
| 9/1/2052 | 3,856 | 1.000% | 38.71 | 3,894.71 |
| 12/1/2052 | 3,866 | 1.000% | 29.07 | 3,895.07 |
| 3/1/2053 | 3,876 | 1.000% | 19.40 | 3,895.40 |
| 6/1/2053 | 3,885 | 1.000% | 9.71 | 3,894.71 |
| | 500,000 | | 103,733.07 | 603,733.07 |

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 7, 2013

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

Preston County Public Service District No. 1
Arthurdale, 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 Preston County Public Service District No. 1 (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 $500,000 Water Revenue Bonds, Series 2013 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 August 7, 2013, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of 1.0% per annum, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2014, to and including June 1, 2053, 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 a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) funding the Series 2013 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on July 23, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 23, 2013 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the 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 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds"); (2) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds"); (3) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12, 2007, issued in the original principal amount of $1,391,300 (the "Series 2007 A Bonds"); and (4) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838 (the "Series 2007 B Bonds"), (collectively, the "Prior Bonds").

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

723810.00003

August 7, 2013

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

Preston County Public Service District No. 1
Arthurdale, 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 Preston County Public Service District No. 1, a public service district, in Preston 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 2013 A Bonds dated August 7, 2013, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on July 23, 2013, as supplemented by the Supplemental Resolution duly adopted by the Issuer on July 23, 2013 (collectively, the "Bond Legislation"), orders of The County Commission of Preston 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 (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing 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.

Switch to the newest Yahoo! Mail

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.

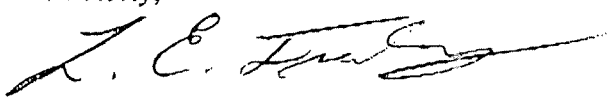
6. The Issuer has duly published a notice of the acquisition and construction of the Project and related matters, as required under Chapter 16, Article 13 A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

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

8. All successful bidders have provided the drug-free workplace affidavit, submitted their drug-free workplace plan, and the contracts contain language that complies with the Drug-Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. Prior to construction, I will ensure all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies and bonds for accuracy. Prior to construction, 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 Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,



LAWRENCE FRALEY, ESQUIRE

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 7, 2013

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

Preston County Public Service District No. 1
Arthurdale, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We are Special PSC Counsel to Preston County Public Service District No. 1, a public service district in Preston County, West Virginia (the "Issuer"). As such counsel, we have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of opinion that:

1. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 17, 2009 which became a Final Order on December 7, 2009 in Case No. 09-0741-PWD-19A, 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

2. The Issuer has received all orders, certificates and authorizations from Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project and the operation of the System. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on January

15, 2013 which became a Final Order on February 4, 2013 in Case No. 12-1251-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 the Order has expired prior to the date hereof without any appeal.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

723810.00003

5849375

# FINAL TITLE OPINION

May 8, 2013

WV Infrastructure Council
Charleston, WV

West Virginia Water Development Authority
Charleston, WV

**Re: Preston County Public Service District No. 1**
**"9 Roads" water line extension project**

Dear Ladies & Gentlemen:

I represent Preston County Public Service District Number One ("PSD No. 1") with regard to the acquisition of easements necessary for a proposed project (known as the "9 Roads Waterline Extension Project") to construct extensions to the existing water distribution system along several roads in Lyon and Kingwood Districts of Preston County, West Virginia. I am providing this Final Title Opinion on behalf of PSD No. 1 to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council ("Council") with regard to the Council's financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that PSD No. 1 is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia, and has the full power and authority to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. That I have investigated and ascertained the location of, and am familiar with, the legal description of the necessary sites, including easements and/or rights-of-way, required for the project as set forth in the plans for the project prepared by Hatch Mott MacDonald, the consulting engineers for the project.

3. That I have examined the records on file in the Office of the Clerk of the County Commission of Preston County, West Virginia, the county in which the Project is to be located, and in my opinion, PSD No. 1 has acquired legal title to, or such other estate or interest in, all (100%) of the necessary site components for the Project, including easements and or rights-of-way, sufficient to assure undisturbed use and possession of said site components for the purpose of construction, operation and maintenance of the facilities to be constructed, for their estimated life.

4. That all deeds or other documents that have been acquired to-date by PSD No. One have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the Public Service District. These deeds of record are located in Deed Book 753, Pages 806 through 842; and Deed Book 757, Pages 76 through 84.

This opinion is subject to any legal rights of any person or entity that may not be of record in the offices of the Preston County Clerk or Assessor, to such facts as would be revealed by accurate survey or visual observation of the premises, to the correctness of the indices to the records of Preston County, and to the correctness of the records themselves.

If you have any questions regarding any of the information contained in this final title opinion, please contact this office.

Truly yours,

Lawrence E. Fraley, III
WV State Bar ID No. 6316
P. O. Box 186
Reedsville, WV 26547

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 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. RATES
12. INSURANCE
13. VERIFICATION OF SCHEDULE
14. PUBLIC SERVICE COMMISSION ORDERS
15. SIGNATURES AND DELIVERY
16. BOND PROCEEDS
17. PUBLICATION OF NOTICE OF PSC FILING
18. SPECIMEN BONDS
19. GRANTS
20. CONFLICT OF INTEREST
21. PROCUREMENT OF ENGINEERING SERVICES
22. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Preston County Public Service District No. 1 in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify on this the 7th day of August, 2013, in connection with the Issuer's Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), dated the date hereof (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 July 23, 2013, and the Supplemental Resolution duly adopted July 23, 2013 (collectively, the "Bond Legislation").

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

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

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

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

There are Outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds"); (2) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds"); (3) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12, 2007, issued in the original aggregate principal amount of $1,391,300 (the "Series 2007 A Bonds"); and (4) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838 (the "Series 2007 B Bonds"), (collectively, the "Prior Bonds").

The Series 2013 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 2013 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 2013 A Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

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

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Organizational Meeting

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

Environmental Health Services Permit

Evidence of Insurance

Prior Bond Resolutions

United States Department of Agriculture Consent to Parity

West Virginia Water Development Authority Consent to Parity

Evidence of Abandoned Mine Lands Grant

Infrastructure Fund Grant Agreement

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Preston County Public Service District No. 1." The Issuer is a public service district duly created by The County Commission of Preston County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

| Name | Date of Commencement of Office | Date of Termination of Office |
|---|---|---|
| Michael Adams | 02/20/2009 | 02/20/2015 |
| Patricia Taylor | 01/32/2012 | 01/31/2018 |
| Rodney Liston | 01/28/2011 | 01/28/2017 |

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

Chairman – Rodney Liston
Secretary – Michael Adams

The duly appointed and acting Attorney for the Issuer is Lawrence Fraley, Esquire, Reedsville, West Virginia and the duly appointed Special PSC Council is Steptoe & Johnson PLLC, Charleston, West Virginia.

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

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

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

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

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 17, 2009 which became a Final Order on December 7, 2009 in Case No. 09-0741-PWD-19A, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect.

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

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

14. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision entered on January 15, 2013 which became a Final Order on February 4, 2013 in Case No. 12-1251-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.

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

16. BOND PROCEEDS: On the date hereof, the Issuer also received $79,530.16 from the Authority and the Council, being a portion of the principal amount of the Series 2013 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.

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

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

19. GRANTS. As of the date hereof the Abandoned Mine Lands Grant in the amount of $655,863.82; and the grant from Infrastructure Fund in the amount of $85,900 are committed and in full force and effect.

20. 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.

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

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 on the day and year first written above.

[CORPORATE SEAL]

| SIGNATURE | OFFICIAL TITLE |
| --- | --- |
| _____ | Chairman |
| _____ | Secretary |
| _____ | Counsel to Issuer |
| _____ | Special PSC Counsel to Issuer (Paragraph 14) |

723810.00003

WITNESS our signatures and the official seal of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 on the day and year first written above.

[CORPORATE SEAL]

| SIGNATURE | OFFICIAL TITLE |
| --- | --- |
| _____ | Chairman |
| Patricia C. Taylor | Secretary |
| _____ | Counsel to Issuer |
| Shuler & Adkins PLLC | Special PSC Counsel to Issuer (Paragraph 14) |

723810.00003

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, William D. Buckel, P.E., Registered Professional Engineer, West Virginia License No. 011956, of Hatch Mott MacDonald, Morgantown, West Virginia, hereby certify on this 7th day of August, 2013 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 Preston County Public Service District No. 1 (the "Issuer") to be constructed in Preston 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 July 23, 2013, as supplemented by Supplemental Resolution duly adopted on July 23, 2013 and the Loan Agreement for the Series 2013 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 7, 2013 (the "Loan Agreement").

2. The Series 2013 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding the Series 2013 A Bonds Reserve Account; and (iii) 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 schematic design for the Project began before July 1, 2012; (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Lawrence Fraley, 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; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vii) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain the critical operational components of the Project; (viii) the successful bids include prices for every item on

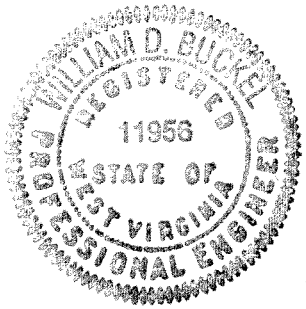
such bid forms; (ix) the uniform bid procedures were followed; (x) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (xi) the net proceeds of the Bonds,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

4. The Project has been designed to, and the construction contracts provide for, water service for up to 50 new customers along John Orr Road, Pell Road, Irish Ridge Road, Shady Lane, Pratt Hill Road, Bird's Creek Road and Mankins Road.

[Remainder of Page Intentionally Blank]

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

(SEAL)




HATCH MOTT MACDONALD

William D. Buckel, P.E.
West Virginia License No. 011956

723810.00003

**SCHEDULE B**

**Preston County Public Service District No. 1**
**Nine County Roads Waterline Extension Project**

**IJDC No. 2011W-1285**

| | TOTAL | AML Grant | IJDC Loan | IJDC Grant |
|---|---|---|---|---|
| **A. Cost of Project** | | | | |
| 1. Construction | | | | |
| a. Contract 1* (FAMCO) | 914,682.35 | 528,423.82 | 386,258.53 | 0.00 |
| 2 Technical Services (Hatch Mott MacDonald) | | | | |
| a. Planning | 4,800.00 | 4,800.00 | 0.00 | 0.00 |
| b. Design | 67,200.00 | 67,200.00 | 0.00 | 0.00 |
| c. Bidding | 4,800.00 | 2,772.00 | 2,028.00 | 0.00 |
| d. Construction Phase | 19,200.00 | 11,088.00 | 8,112.00 | 0.00 |
| e. RPR | 72,000.00 | 41,580.00 | 23,803.49 | 6,616.51 |
| f. Special Services | 15,717.00 | 0.00 | 15,717.00 | 0.00 |
| 3 Legal (PSC) (Steptoe & Johnson) | 8,000.00 | 0.00 | 8,000.00 | 0.00 |
| 4 Legal (Local / Title) | 20,000.00 | 0.00 | 10,000.00 | 10,000.00 |
| 5 Accounting (Bennett & Dobbins) | 15,000.00 | 0.00 | 15,000.00 | 0.00 |
| 6 Administration (PCEDA) | 25,400.00 | 0.00 | 0.00 | 25,400.00 |
| 7 Sites & Lands | 7,500.00 | 0.00 | 0.00 | 7,500.00 |
| 8 Permits; Legal ads; Miscellaneous costs | 2,500.00 | 0.00 | 0.00 | 2,500.00 |
| 9 Construction Contingency** | 33,883.49 | 0.00 | 0.00 | 33,883.49 |
| 10. TOTAL Lines 1 through 9 | 1,210,682.84 | 655,863.82 | 468,919.02 | 85,900.00 |
| **B. Cost of Financing** | | | | |
| 11. Registrar Fee | 500.00 | 0.00 | 500.00 | 0.00 |
| 12. Debt Reserve | 15,580.98 | 0.00 | 15,580.98 | 0.00 |
| 13. Bond Counsel | 15,000.00 | 0.00 | 15,000.00 | 0.00 |
| 14. Cost of Issuance (Lines 11 through Line 13) | 31,080.98 | 0.00 | 31,080.98 | 0.00 |
| 15. TOTAL COST OF PROJECT (Line 10 + Line 14) | **1,241,763.82** | **655,863.82** | **500,000.00** | **85,900.00** |
| **C. Sources of Funds** | | | | |
| 16. Federal Grants | 655,863.82 | 655,863.82 | 0.00 | 0.00 |
| 17. State Grants (IJDC Soft Cost) | 85,900.00 | 0.00 | 0.00 | 85,900.00 |
| 18. Other Grants | 0.00 | 0.00 | 0.00 | 0.00 |
| 19. TOTAL GRANTS | 741,763.82 | 655,863.82 | 0.00 | 85,900.00 |
| 20. SIZE OF BOND ISSUE (Line 15 minus Line 19) | **500,000.00** | **0.00** | **500,000.00** | **0.00** |

*John Orr Road Portion not AML eligible

**AML will pay contingency. This percentage is based on the John Orr Road portion which is not AML eligible

Hatch Mott MacDonald — 7/22/13 Date

Preston County Public Service District No. 1 — 7-23-13 Date

**Bennett & Dobbins PLLC**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

August 7, 2013

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

Preston County Public Service District No. 1
Arthurdale, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered on November 17, 2009 which became a Final Order on December 7, 2009 in Case No. 09-0741-PWD-19A and the current operation and maintenance expenses and customer usage as furnished to us by Preston County Public Service District No. 1 (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 2013 A (West Virginia Infrastructure Fund), issued in the principal amount of $500,000 (the "Bonds"), and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's:

(1) Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000;

(2) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000;

(3) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12, 2007, issued in the original principal amount of $1,391,300; and

(4) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838, (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2013 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds, the Series 2013 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2013 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2013 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2013 A Bonds.

Sincerely,

*Bennett & Dobbins PLLC*

BENNETT & DOBBINS PLLC

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Preston County Public Service District No. 1 in Preston County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $500,000 Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 7, 2013 (the "Bonds"), hereby certify this 7th day of August, 2013 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 July 23, 2013 (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 August 7, 2013, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2013 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 2013 A Bonds were sold on August 7, 2013, to the Authority, pursuant to a Loan Agreement dated August 7, 2013, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $500,000 (100% of par), at which time, the Issuer received $79,530.16 from the Authority and the Council, being the first advance of the principal amount of the Series 2013 A Bonds. No accrued interest has been or will be paid on the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2013 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; (ii) funding the Series 2013 A Bonds Reserve Account; and (iii) 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 July 1, 2014. The acquisition and construction of the Project is expected to be completed by January 1, 2014.

8. The total Cost of the Project is estimated at $1,241,763.82. Sources and uses of funds for the Project are as follows:

| SOURCES | |
|---|---|
| Proceeds of the Series 2013 A Bonds | $500,000.00 |
| Abandoned Mine Lands Grant | $655,863.82 |
| Infrastructure Fund Grant | $85,900.00 |
| Total Sources | $1,241,763.82 |

| USES | |
|---|---|
| Costs of Acquisition and Construction of the Project | $1,210,682.84 |
| Fund Series 2013 A Bonds Reserve Account | $15,580.98 |
| Costs of Issuance | $15,500.00 |
| Total Uses | $1,241,763.82 |

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2013 A Bonds:

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

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

(3) Series 2013 A Bonds Construction Trust Fund;

(4) Series 2013 A Bonds Sinking Fund; and

(5) Series 2013 A Bonds Reserve Account.

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

(1) Series 2013 A Bond proceeds in the amount of $-0- will be deposited in the Series 2013 A Bonds Sinking Fund as capitalized interest.

(2) Series 2013 A Bonds proceeds in the amount of $15,580.98 will be deposited in the Series 2013 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2013 A Bonds will be deposited in the Series 2013 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 2013 A Bonds and related costs.

11. Monies held in the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2013 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and Series 2013 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2013 A Bonds Construction 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 2013 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2013 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 2013 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2013 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2013 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2013 A Bonds Reserve Account and the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay Costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2013 A Bonds, (b) are to be sold pursuant to a common plan of financing together with the 2013 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.

[Remainder of Page Intentionally Blank]

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

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

723810.00003

This case is assigned to Frank B. Everhart, Commissioner of Accounts.

Done before me as Clerk of said Court, on the 9th day of November, 1964.

_____, Clerk.

STATE OF WEST VIRGINIA:

In the Clerk's Office of the County Court of Preston County, in vacation, ss:

I, Hazel Jenkins, Clerk of the County Court of the County aforesaid, do hereby certify that the Delinquent Sales List from Sheriff's Sale held on October 19, 1964 and copy thereof, with Certificates of Oath attached, were returned by Ralph N. Brown, Sheriff, to this office on this date.

Given under my hand this 9th day of November, 1964.

_____, Clerk.

STATE OF WEST VIRGINIA:

In the Clerk's Office of the County Court of Preston County, in vacation, ss:

Upon the written request of Samuel Hibbs, widower, and sole heir at law of Iona Florence Hibbs, deceased, that Monroe F. Timmons be appointed in his place to administer said estate, therefore,

On motion of Monroe F. Timmons of R#1, Independence, W. Va., who took the oath prescribed by law, and with Dennis B. Holmes, his surety, entered into and acknowledged legal bond in the penalty of Twenty-seven Hundred ($2700.00) Dollars, conditioned according to law; the said Monroe F. Timmons is thereupon appointed Administrator of the estate of Iona Florence Hibbs, deceased.

And on the further motion of the said Monroe F. Timmons; John Forman, Lester N. Bolyard and Edward Nestor are appointed appraisers of said estate.

This case is assigned to Cramer W. Gibson, Commissioner of Accounts.

Done before me as Clerk of said Court, on the 10th day of November, 1964.

_____, Clerk.

- - - - - - o O o - - - - - -

REGULAR STATUTORY SESSION CONTINUED

November 10, 1964

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:-

Court met in Continuance of Regular Session and ex-officio as Board of Canvassers on Tuesday November 10, 1964.

PRESENT: Ward F. Thomas, President; Norman Harned, Albert McKinney, James Phillips, L. D. Wotring, Paul Wilt, and Everett Bolyard, Commissioners; also present, Hazel Jenkins, County Clerk.

On motion of Albert McKinney, seconded by Norman Harned, and by unanimous vote the following order

creating Public Service District No. 1 is approved as follows:-

ORDER CREATING PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Pursuant to an order of the County Court of Preston County entered on the 3rd day of August, 1964, proposing the creation of Preston County Public Service District No. 1 within Valley District of said Preston County, and embracing the territory of the municipal corporation of Reedsville, and upon a hearing upon the creation of said proposed Public Service District being set for and held on the 8th day of September, 1964, after notice of said hearing was duly published in The Preston County Journal, a weekly newspaper more than ten (10) days prior to said hearing, said notice thereof setting forth a description of all of the territory proposed to be included therein; a hearing was held before said County Court as specified in said notice, on the 8th day of September, 1964, for the purpose of determining the feasibility of the creation of said proposed Public Service District No. 1, at which hearing there appeared certain persons who testified in favor of the creation of said Public Service District No. 1, and at which hearing no person appeared in opposition to the creation thereof, and there was no written protest filed in opposition to the creation of said Public Service District No. 1, requiring a referendum of voters concerning the creation thereof; and upon mature consideration and after a hearing as required by said Chapter 16, Article 13A, of said West Virginia Code, the County Court of Preston County accordingly hereby finds that the construction or acquisition by purchase or otherwise, and the maintenance, operation, improvement, and extension of properties supplying water service within the limits of the territory of said Public Service District No. 1, hereinafter described, will be conducive to the public health, comfort and convenience of such area, and the citizens residing therein; and it further clearly appearing to said County Court, and the County Court accordingly hereby further finds that the creation of said Public Service District No. 1, for the purposes aforesaid, is feasible, and that the creation thereof, as well as the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by such Public Service District will be conducive to the preservation of the public health, comfort and convenience of such area, it is accordingly hereby ORDERED and ADJUDGED under the power vested in the County Court of Preston County by virtue of Chapter 16, Article 13A, of the West Virginia Code of 1931, as amended, that there be created, and there is hereby created, Preston County Public Service District No. 1, for the purpose of constructing or acquiring, by purchase or otherwise, and for the maintenance, operation, improvement and extension of properties supplying water services in the hereinafter described part of Valley District of said County, and including the municipality of the Town of Reedsville, which said Public Service District No. 1, is more particularly bounded and described as follows:

Beginning at a point in the center of the road at the intersection of the Bretz road and Route #92; thence with the following roads: with Route #7 South 4,000'± to the intersection of route $\frac{7}{3}$, thence with route $\frac{7}{3}$ E. 1,250'± to intersection Sunny Hill road; thence with Sunny Hill road N.E. 5,125'± to intersection of route #25; thence with #25 S.E. 3,650'± to point in road; thence N.E. 2,000'± to point in road on route #25; thence with same route #25 S.E. 8,000'± to intersection of Route $\frac{25}{3}$; thence with $\frac{25}{3}$ S.W. 11,600'± to intersection of route $\frac{7}{8}$; thence with route $\frac{7}{8}$ S.E. 8,000' to intersection of Route #7; thence with Route #7 W. 5,280'± to Route #56 (Morgan Mine Road); thence with Route #56 (Morgan Mine Road) S. 15,000'± to intersection of route $\frac{56}{2}$ (Bethlehem Church); thence with $\frac{56}{2}$ and $\frac{92}{1}$ W. 13,000' to Route #92 at Brown's Mill; thence with Route #92 N. 1,375'± to intersection of route $\frac{92}{3}$ (Stony Run Road); thence with route $\frac{92}{3}$ (Stony Run Road) W. 18,800'± to a point in road at Monongahela and Preston County line; thence with County line N.E. 18,135' to intersection of County line and route $\frac{7}{2}$; thence with $\frac{7}{2}$ E. 13,875'± to the point of beginning; containing 16 square miles, more or less.

It is further hereby ORDERED that from and after the date of entry of this order that said Public Service District No. 1 shall hereafter be a public corporation and political subdivision of the State of West Virginia, with the powers set forth to be used, exercised and enjoyed by said Public Service District under the provisions of the aforesaid Chapter 16, Article 13A, of said West Virginia Code."

A Map showing the lines of the above described Public Service District No. 1 is filed in County Clerk's Office in County Map Book, Page 10.

The Court hereby appoints as members of the Governing Board of Public Service District No. 1 the following 3 persons who are persons residing within the district, namely;

Mr. Dent Fairfax, R#1, Reedsville, W. Va. for a 6 year term beginning November 1, 1964.

Mr. Donald Zinn, Reedsville, W. Va., for a 4 year term beginning November 1, 1964.

Mr. Howard Dugan, Arthurdale, W. Va., for a 2 year term beginning November 1, 1964.

In accordance with Chapter 3, Article 6, Section 9 of the West Virginia Code of 1931, as amended, the County Court, acting ex-officio as Board of Canvassers; completed the canvassing of the Ballots cast at the General Election held on November 3, 1964; a record of said canvass being found in Election Record No. 2.

On motion, Court adjourned.

Ward F. Thomas, President.

[illegible] COPY

ATTEST: [illegible], County Clerk
Preston County, West Virginia
By: Jane Graham, Deputy

- - - - - - o 0 o - - - - - -

PROCEEDINGS IN VACATION

November, 1964

STATE OF WEST VIRGINIA:

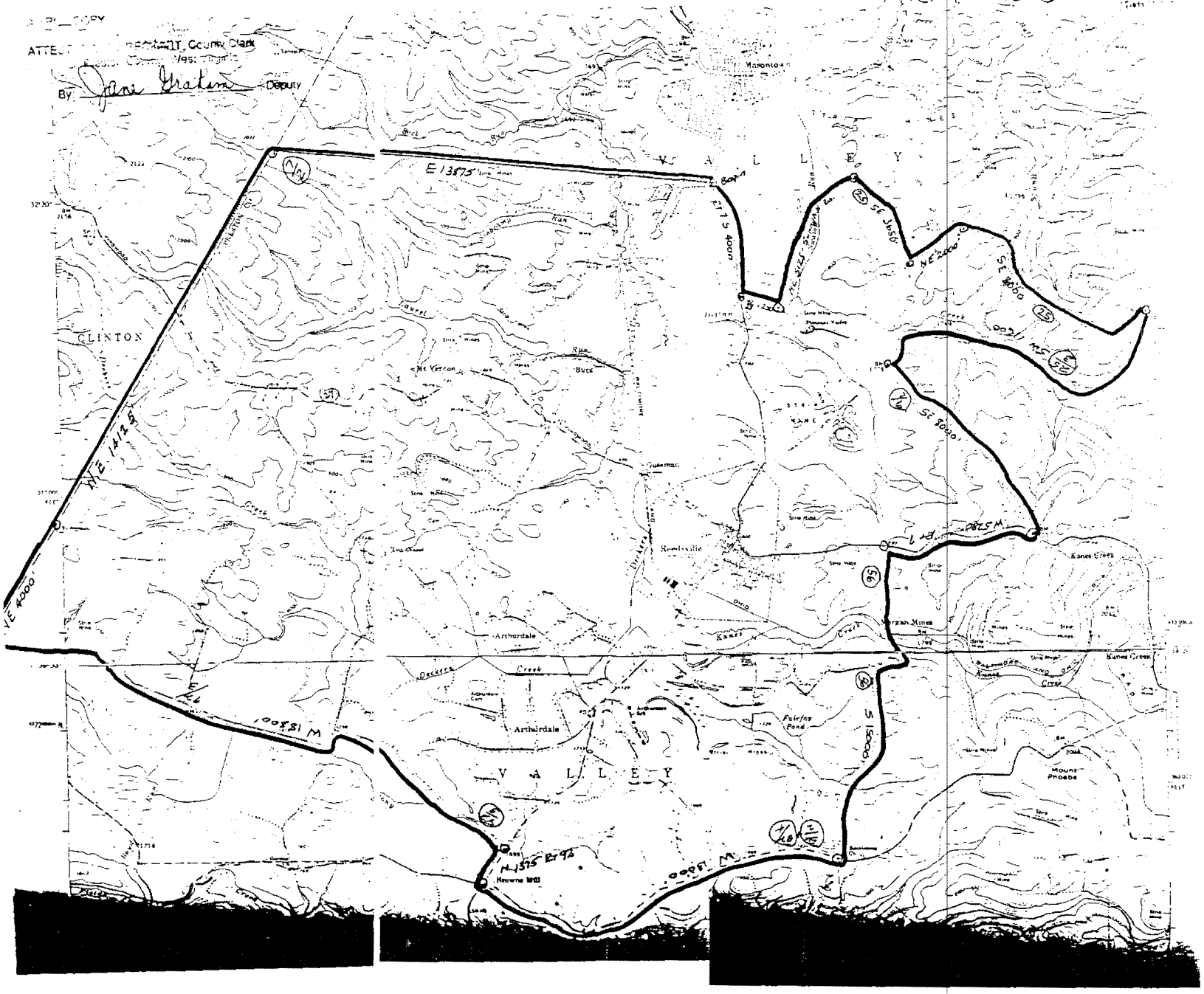
In the Clerk's Office of the County Court of Preston County (in vacation) ss:

On October 30, 1964, Freda Huffman of Route #1, Thornton, West Virginia, qualified as Guardian of Gail Delmis Nestor of the age of 18 years, at which time she named as appraisers the following persons:

Leland Bolyard, Clyde Wolfe, and Terry Hamilton.

Upon the personal request of James T. Dailey, Jr., Attorney for Freda Huffman: Richard A. Smith, Robert C. Halbritter, and Roy Sanders are named as appraisers of said estate in place of the three persons previously named.

M.C. 1- 10-B



ATTEST
County Clerk
By Jane Graham Deputy
CLINTON
V A L L E Y
Masontown
Mt Vernon
Buck
Guseman
Reedsville
Arthurdale
Kanes Creek
Morgan Mines
Fairfax Pond
Mount Phoebe
Browns Mill
E 13875
N E 14125
N E 4000
N 1375 Rt 92
S 15000

ORDER PROPOSING ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, is vested with the authority to create within Preston County public service districts to exercise the powers and authority therein set forth, and that after the creation of a public service district, the Commission may, if in its discretion it deems it necessary, feasible and proper, enlarge such public service district to include additional areas; and it appearing that by an order dated November 10, 1965, the Commission created Public Service District No. 1, in said County, and that there are apparently many persons residing within the area hereinafter described, who desire to have said Public Service District No. 1 (P.S.D. No. 1) enlarged for the purpose of supplying water services within such additional area; and that the proposed enlargement and additional area to be included in P.S.D. No. 1 is located within a part of Valley District and a part of Lyon District, Preston County, West Virginia, and that the physical facilities of said P.S.D. No. 1 are or will be adequate to provide expanded water service to the proposed additional area, and that the apparent public good will be promoted by the entry of an order proposing the enlargement of said P.S.D. No. 1 and fixing the time of a hearing before the Commission as to the proposed enlargement of said P.S.D. No. 1; it is therefore,

ORDERED that the Commission upon its own motion, as evidenced by the entry of this Order, does hereby propose the enlargement of P.S.D. No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of said P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A, of the West Virginia Code, as amended, in regard to the enlarged area of said P.S.D. No. 1, and which enlarged area of P.S.D. No. 1 is located partly within Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) W. 18,800 feet +/- to a point in said road at the Monongalia and Preston County lines; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 2,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approxiamtely 4,100 feet to a point 1,000 feet south of West Virginia County Numbered Route 33; thence in an easterly direction 1,000 feet south of and parallel to

said Route 33, a distance of approximately 4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection of Route 33 and 33/5, a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in the present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route No. 92 and the present boundary of P.S.D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less, as more particularly shown on a map or plat attached to and made a part of this Order, said map or plat dated February 1989, and prepared by Thomas E. Urquhart, professional engineer.

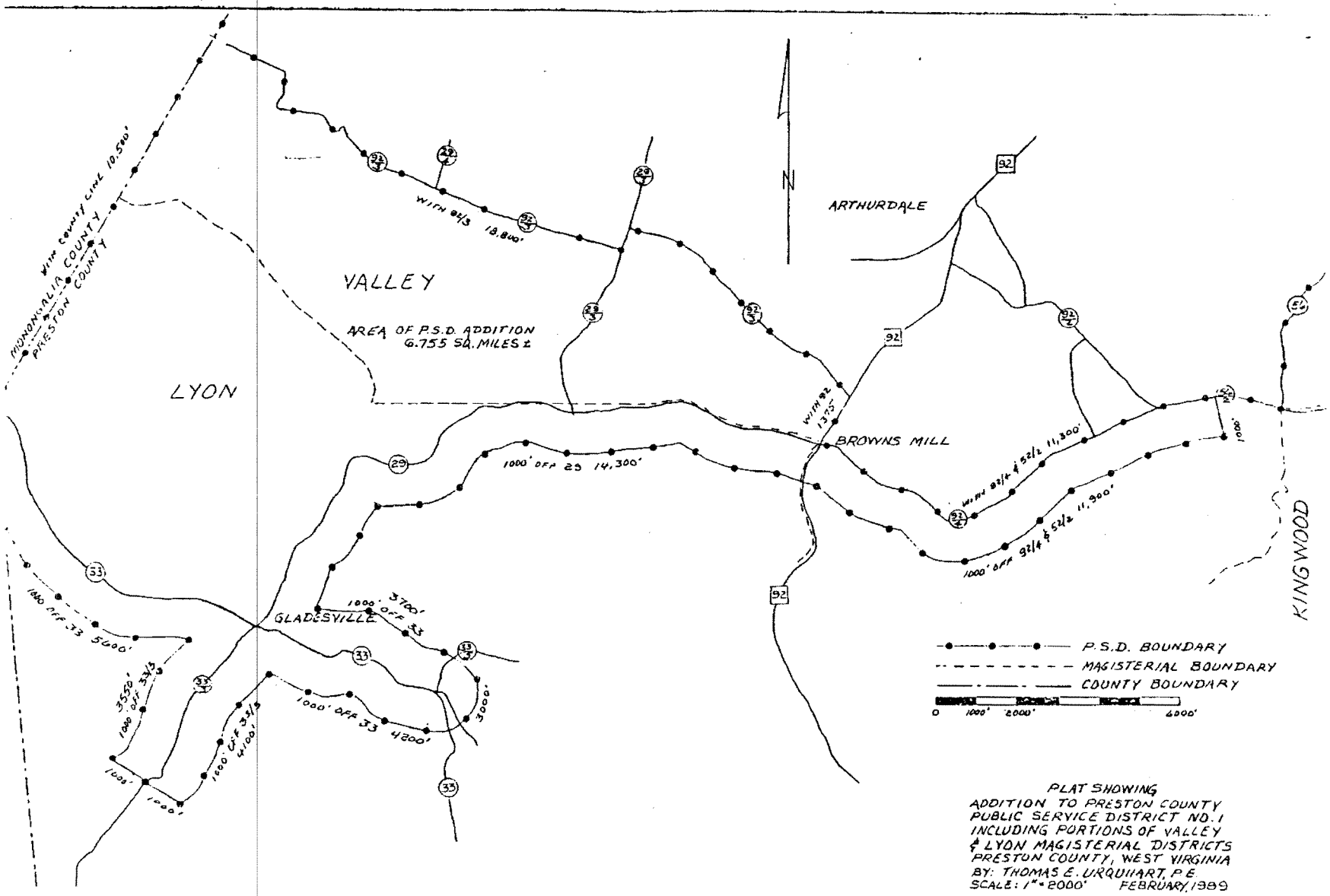
It further appearing to the Commission that a hearing is required as to the proposed enlargement of said P.S.D. No. 1, for the purpose aforesaid, and that the date for such public hearing shall be not less than twenty (20) days nor more than forty (40) days from the date of entry of this Order, it is hereby further ORDERED that there be a public hearing before the Commission at the County Commission Room in the Preston County Courthouse, Kingwood, West Virginia, on the 19th day of April, 1989, at 7:00 P.M., at which time all persons residing in, owning, or having any interest in property in the proposed enlargement of said P.S.D. No. 1 shall have an opportunity to be heard for or against the enlargement thereof.

It is further ORDERED that the Clerk of this Commission do publish in The Preston County Journal, a weekly newspaper having general circulation within the area of the above-described proposed enlargement of P.S.D. No. 1 and within Preston County, a notice setting forth the objectives and purposes for the proposed enlargement of said P.S.D. No. 1, the description of all territory proposed to be included in said enlargement, the date of the proposed hearing as herein set forth, and that such notice be published at least once a week in said newspaper at least ten (10) days prior to said hearing. There shall also be posted in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1, a notice containing the same information as contained in the published notice. The posted notices shall be posted not less then ten (10) days before the hearing, and said publication is to be made on or before the 29th day of March, 1989.

Entered on the 15th day of March, 1989, Law Order Book No. 35, at page 500.

A TRUE COPY

ATTEST: NANCY HEDRICK, Clerk
Preston County, West Virginia
By Nancy Hedrick, Deputy




PLAT SHOWING
ADDITION TO PRESTON COUNTY
PUBLIC SERVICE DISTRICT NO. 1
INCLUDING PORTIONS OF VALLEY
& LYON MAGISTERIAL DISTRICTS
PRESTON COUNTY, WEST VIRGINIA
BY: THOMAS E. URQUHART, P.E.
SCALE: 1" = 2000' FEBRUARY, 1989

AFFIDAVIT OF POSTING OF NOTICE OF
PROPOSED ENLARGEMENT OF PRESTON
COUNTY PUBLIC SERVICE
DISTRICT NO. 1

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, to-wit:

The undersigned affiant does hereby swear and affirm that he posted a copy of the attached Notice of Proposed Enlargement of Preston County Public Service District No. 1 in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1 and that the posted Notices were posted not less than ten (10) days before the hearing, and the affiant posted a copy of said Notice in the following places on the following dates:

| | PLACE | DATE |
|---|---|---|
| 1. | BROWN'S MILL GROCERY | APRIL 7, 1989 |
| 2. | GORDON COMMUNITY ASS'N | APRIL 7, 1989 |
| 3. | GLADESVILLE BAPTIST CHURCH | APRIL 7, 1989 |
| 4. | GLADESVILLE COMMUNITY BUILDING | APRIL 7, 1989 |
| 5. | COUNTRY LIVING | APRIL 7, 1989 |
| 6. | INDEPENDENCE POST OFFICE | APRIL 7, 1989 |
| 7. | SHUMAN'S TRAILER COURT | APRIL 7, 1989 |
| 8. | ARTHURDALE POST OFFICE | APRIL 7, 1989 |
| 9. | REEDSVILLE FOODLAND | APRIL 7, 1989 |
| 10. | | |

And further affiant saith not.

Kermit R. Zinn
Affiant Chairman

Taken, subscribed, and sworn to before me the undersigned notary public this 7 day of April, 1989.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
REBECCA J. SANDERS
P.O. Box 78
Reedsville, West Virginia 26547
My Commission Expires April 16, 1995

Rebecca J. Sanders
Notary Public

My commission expires: April 16, 1995

A TRUE COPY
ATTEST: NANCY RECKART, Clerk
Preston County, West Virginia
By: Nancy Reckart Deputy

NOTICE OF PROPOSED ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, entered an Order on March 15, 1989, on its own motion, proposing the enlargement of Public Service District No. 1 (P.S.D. No. 1) for the purposes of financing, constructing, operation, and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A, of the West Virginia Code, as amended, in regard to the proposed enlarged area of said P.S.D. No. 1, and which proposed enlarged area of P.S.D. No. 1 is located partly within Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

> Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) W. 18,800 feet +/- to a point in said road at the Monongalia and Preston County lines; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 2,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approximately 4,100 feet to a point 1,000 feet south of West Virginia County Numbered Route 33; thence in an easterly direction 1,000 feet south of and parallel to said Route 33, a distance of approximately

4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection of Route 33 and 33/5, a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in the present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route No. 92 and the present boundary of P.S.D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less.

A Public Hearing before the Commission at the County Commission Room in the Preston County Courthouse, Kingwood, West Virginia, shall be held at 7:00 o'clock P.M., on the 19th day of April, 1989, at which time all persons residing in, owning, or having any interest in property in the proposed enlargement of said P.S.D. No. 1 shall have an opportunity to be heard for or against the enlargement thereof.

GIVEN under my hand this 24th day of March, 1989.

Nancy Reckart

Nancy Reckart
Clerk of the County Commission
of Preston County
101 West Main Street
Kingwood, West Virginia 26537
Telephone No: (304) 329-0070

This Notice is to be published as a Class I legal advertisement in compliance with the provisions of Article 3 (Section 59-3-1 et. seq.), Chapter 59 of the West Virginia Code.

Please publish the foregoing Notice in The Preston County Journal on or before the 29th day of March, 1989.



A TRUE COPY

ATTEST: NANCY RECKART, County Clerk
Preston County, West Virginia

By: Nancy Reckart ~~Deputy~~

# Certificate of Publication

## PUBLIC NOTICE PUBLIC NOTICE

NOTICE OF PROPOSED ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, entered an Order on March 15, 1989, on its own motion, proposing the enlargement of Public Service District No. 1 (P. S.D. No. 1) for the purposes of financing, constructing, operation, and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A, of the West Virginia Code, as amended, in regard to the proposed enlarged area of said P.S.D. No. 1, and an all proposed enlarged area of P.S.D. No. 1 is located partly within Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) W. 18,600 feet +/- to a point in said road at the Monongalia-Preston County line; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia-Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 3,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approximately 4,100 feet to a point 1,000 feet south of West Virginia County Numbered Route 33; thence in an easterly direction 1,000 feet south of and parallel to said Route 33, a distance of approximately 4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection of Route 33 and 33/5, a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in the present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route No. 92 and the present boundary of P.S.D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less.

A Public Hearing before the Commission at the County Commission Room in the Preston County Courthouse, Kingwood, West Virginia, shall be held at 7:00 o'clock P.M., on the 19th day of April, 1989, at which time all persons residing in, owning, or having any interest in property in the proposed enlargement of said P.S.D. No. 1 shall have an opportunity to be heard for or against the enlargement thereof.

GIVEN under my hand this 24th day of March, 1989.

Nancy Reckart,
Clerk of the County Commission of
Preston County 101 West Main Street
Kingwood, West Virginia 26537
Telephone No. (304) 329-0070

3/29

I, Delbert L. Benson

the undersigned publisher of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

~~Notice of Proposed Enlargement of~~ District #1

a copy of which notice is hereto annexed, was published in said paper for one successive weeks, beginning with its issue of March 29, 1989 and expiring with its issue of March 29, 1989

And, I do further certify that on March 29, 1989 I posted and left posted, a copy of said notice at the front door of the Court House of said county.

D L Benson
PUBLISHER

Subscribed and sworn to before me this the 29th day of March 1989

Nancy R. Whitlow
NOTARY PUBLIC

My commission expires 3/7/93

Kingwood, W. Va.,

Amount for publishing notice hereto $

PUBLISHER

ORDER AUTHORIZING ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, is vested with the authority to create within Preston County public service districts to exercise the powers and authority therein set forth, and that after the creation of a public service district, the Commission may, if in its discretion it deems it necessary, feasible and proper, enlarge such public service district to include additional areas; and it appearing that by an Order dated November 10, 1965, the Commission created Public Service District No. 1, in said County, that on March 15, 1989, the Commission entered an Order proposing an enlargement of Preston County Public Service District No. 1 and Ordered that there be a public hearing before the Commission at the County Commission Room, in the Preston County Courthouse, Kingwood, West Virginia, on the 19th day of April, 1989, at 7:00 o'clock P.M., and further Ordered that the Clerk of the Commission publish Notice in The Preston County Journal, a weekly newspaper having general circulation within the area of the proposed enlargement of P.S.D. No. 1 and within Preston County, and that there be posted in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1, a Notice containing the same information contained in the published Notice; that a Certificate of Publication was prepared by Delbert L. Benson, publisher of The Preston County Journal, certifying that the Notice of Proposed Enlargement of Preston County Public Service District No. 1 was published in said paper for one successive week, beginning with its issue of March 29, 1989, and expiring with its issue of March 29, 1989, and further certifying that on March 29, 1989, that Delbert L. Benson posted and left posted a copy of said Notice at the front door of the Courthouse of said County, a copy of which Certificate of Publication was filed with the Clerk of the Commission; that an Affidavit of Posting of Notice of Proposed Enlargement of Preston County Public Service District No. 1 signed by Kermit R. Zinn, Chairman of Preston County Public Service District No. 1, shows that he posted a copy of said Notice in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1, and that the posted Notices were posted not less than ten (10) days before the hearing, which Affidavit is dated April 7, 1989, a copy of which was filed with the Clerk of the Commission; and that a public hearing was held before the Commission in the Preston County Courthouse, Kingwood, West Virginia, at 7:00 o'clock P.M., on the 19th day of April, 1989, at which time members of the public did appear and comment on the proposed enlargement of Preston County Public Service District No. 1; and the Commission finds that there are apparently many persons residing within the area hereinafter described, who desire to have said Public Service District No. 1 enlarged for the purpose of supplying water services within such additional area, that the enlarged and additional area to be included in P.S.D. No. 1 is located within a part of Valley District and a part of Lyon District, Preston County, West Virginia, that the physical facilities of said P.S.D. No. 1 are and will be adequate to provide expanded water service to the additional area, that the apparent public good will be promoted by the entry of an order authorizeing the enlargement will be conducive

to the preservation of public health, comfort and convenience of such area; and it is, therefore,

ORDERED that the Commission upon its own motion, as evidenced by the entry of this Order, does hereby authorize and approve the enlargement of P.S.D. No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of said P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A of the West Virignia Code, as amended, in regard to the enlarged area of said P.S.D. No. 1, and which enlarged area of P.S.D. No. 1 is located aprtly wihtin Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) w, 18,800 feet +/- to a point in said road at the Monongalia and Preston County lines; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia-Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 2,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approximately 4,100 feet to a point 1,000 feet south of West Virginia County Number Route 33; thence in an easterly direction 1,000 feet south of and parallel to said Route 33, a distance of approximately 4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection at the intersection of Route 33 and 33/5, a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendiculat to said Route 56/2, a distance of 1,000 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route 92 and the present boundary of P.S.D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less, as more particularly shown on a map or plat attached to and made a part of this Order, said map or plat dated February 1989, and prepared by Thomas E. Urquhart, professional engineer.

Entered on the 19th day of April, 1989, Law Order Book No. 35, at page 531.

A TRUE COPY

ATTEST: NANCY RECKART, County Clerk
Preston County, West Virginia

By: Nancy Reckart Deputy

# Certificate of Publication

**PUBLIC NOTICE**
**PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON**

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 23rd day of October, 1989.

CASE NO. 89-380-PWD-PC
PRESTON COUNTY COMMISSION, Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 1.

CASE NO. 89-619-PWD-PC
PRESTON COUNTY COMMISSION, Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 2.

NOTICE OF HEARING

CASE NO. 89-380-PWD-PC

On June 21, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted an order authorizing the enlargement of Preston County Public Service District No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary, pursuant to the provisions of West Virginia Code Section 16-13A-2.

CASE NO. 89-619-PWD-PC

On September 5, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted and order authorizing the enlargement of Preston County Public Service District No. 2, for the purpose of supplying water service within an additional area, pursuant to the provisions of West Virginia Code, Section 16-13A-2. The additional water service will be provided partly within Kingwood District and partly within Valley District, Preston County.

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

IT IS, THEREFORE, ORDERED that the matters involved herein be, and they hereby are, set for public hearing before Administration Law Judge Robert W. Glass to be held in the County Commissioner's Court Room, Preston County Courthouse, Kingwood, West Virginia, on Wednesday, November 22, 1989, at 10:00 a.m., EST., for the purpose of determining if the orders of the County Commission of Preston County expanding the Preston County Public Service District No. 1 and Preston County Public Service District No. 2 to provide additional water service are in the public interest.

IT IS FURTHER ORDERED that the Preston County Commission publish a copy of this order one time between the date hereof and November 15, 1989, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Preston County.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Preston County Commission, Preston County Public Service District No. 1 and Preston County Public Service District No. 2, by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:
Howard M. Cunningham
Executive Secretary

11/1

I, Delbert L. Benson

the undersigned publisher of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Public Service Commission

a copy of which notice is hereto annexed, was published in said paper for one successive weeks, beginning with its issue of

November 1, 1989

and expiring with its issue of

November 1, 1989

And, I do further certify that on

November 1, 1989

I posted and left posted, a copy of said notice at the front door of the Court House of said county.

D L Benson
PUBLISHER

Subscribed and sworn to before me this the 3rd day of November, 19 89

Nancy K. Osherton
NOTARY PUBLIC

My commission expires 3/7/93

Kingwood, W. Va.,

Amount for publishing notice hereto $

PUBLISHER

A TRUE COPY

ATTEST: NANCY RECKART, County Clerk
Preston County, West Virginia

By: Nancy Reckart, ~~Deputy~~

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: December 7, 1989

FILED
12-27-89

CASE NO. 89-380-PWD-PC

PRESTON COUNTY COMMISSION,
Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 1.

CASE NO. 89-619-PWD-PC

PRESTON COUNTY COMMISSION,
Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 2.

## ADMINISTRATIVE LAW JUDGE'S DECISION

### PROCEDURE

CASE NO. 89-380-PWD-PC

On June 21, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted an order authorizing the enlargement of Preston County Public Service District No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary, pursuant to the provisions of West Virginia Code §16-13A-2.

CASE NO. 89-619-PWD-PC

On September 5, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted an order authorizing the enlargement of Preston County Public Service District No. 2, for the purpose of supplying water service within an additional area, pursuant to the provisions of West Virginia Code §16-13A-2. The additional water service will be provided partly within Kingwood District and partly within Valley District, Preston County.

Pursuant to West Virginia Code §16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Preston County. Accordingly, by order entered October 23, 1989, these matters were set for hearing to be held in the Commissioners' Court Room, Preston County Court House, Kingwood, West Virginia, on November 22, 1989. The hearings were held as scheduled. Appearing, in both cases, on behalf of the Public Service Commission Staff was Ron Robertson, Esquire, Staff Attorney. Also

appearing were Randy Goodrich, Esquire, Prosecuting Attorney for Preston County, representing the Preston County Commission, and Mr. Kermit Zinn, the Chairman of the Preston County Public Service District No. 1. No parties appeared in protest to the petitions at either hearing. The cases were then treated as unprotested cases and no evidence was received in either case.

## FINDINGS OF FACT

1. The Preston County Commission adopted an order authorizing the enlargement of the Preston County Public Service District No. 1 and 2, pursuant to the provisions of West Virginia Code §16-13A-2, for the purposes of financing, constructing, operation and maintenance of a water system and for supplying of water within the enlarged and additional boundaries. (See, petition).

2. The Commission Staff has reviewed the applications and finds that they meet the requirements of West Virginia Code §16-13A-2. (See Staff Memorandum dated October 10, 1989).

3. By order entered October 23, 1989, these matters were set for a hearing to be held in the County Commissioners' Court Room, Preston County Court House, Kingwood, West Virginia, on November 22, 1989. (See order dated October 23, 1989).

4. At the hearing held on November 22, 1989, no one appeared to make protest to the enlargement of Preston County Public Service District Nos. 1 and 2, thus allowing these cases to be treated as unprotested. (Tr., p. 5).

## CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that since the Preston County Commission is in compliance with the required provisions as set forth in West Virginia Code §16-13A-2 and, at the public hearing held on November 22, 1989, no parties appeared in protest to the enlargement of Preston County Public Service District Nos. 1 and 2, approval of said enlargements can be granted.

## ORDER

IT IS, THEREFORE, ORDERED that the petitions of the Preston County Commission, a public corporation, Preston County, to enlarge the boundaries of the Preston County Public Service District Nos. 1 and 2 for the purposes of financing, constructing, operation and maintenance of a water system and for supplying of water within the enlarged and additional boundaries in Preston County, be, and the same hereby are, 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 pported by a brief with the Executive Secretary of the Commission within rifteen (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:mal

**REGULAR SESSION**

**JANUARY 3, 2012**

**STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:**

The Preston County Commission met in Regular Session at 9:30 a.m., January 3, 2012, in the Commission Meeting Room.

Craig Jennings called the meeting to order and advised that the first order of business is to elect a Commission President for 2012.

Commissioner Price moved that Craig Jennings serve as President of the Preston County Commission for the year 2012. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

Dianna Hartman administered the Oath of Office to Craig Jennings as the newly-appointed President of the Preston County Commission for the year 2012.

President Jennings invited those present to join in the Pledge of Allegiance.

The following Commissioners were declared present: Victoria Cole, Dave Price and Craig Jennings.

Also present were Dianna Hartman, County Clerk's Office; Linda Huggins, County Clerk and Kathy Mace, Administrator/Grant Writer.

The following persons registered their attendance during the meeting:

Michelle Wolford
Kari Knotts
Terri L. Funk

No one registered prior to the meeting to address the Commission.

**Estate of Linda Gramlich,** deceased – Waiver of Final Settlement – filed by James Russell Gramlich, Personal Representative

**Estate of Josephine Gladys Lantz,** deceased – Waiver of Final Settlement – filed by Carolyn Sue (Lantz) Moore, Personal Representative

Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Jennings voting yes. Motion carried.

Commissioner Price moved that the following request to refer the estate listed below to a Fiduciary Commissioner by the reason stated in said request, be granted in accordance with WV Code 44-2-1(b).

**Estate of Delbert J. Hershman, Sr.,** deceased – letter requesting Fiduciary Commissioner – filed by Cindy J. Everly, Heir

Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

There were no Notices of Apportionment for Jointly Owned Vehicles or budget revision requests presented.

The reappointment of Pat Taylor, as a Board Member to Public Service District No. 1 will be placed on the January 9 meeting agenda, giving others who may be interested an opportunity to apply.

Under Miscellaneous Business/Correspondence, President Jennings advised that the Commission has been invited by the Sierra Club to attend a meeting on January 14 in Albright, concerning the Albright Power Plant. Hopefully, one or all Commissioners can attend.

Commissioner Price moved to approve the following dates and times for the Commission to meet as a Board of Equalization and Review:

| | | | |
|---|---|---|---|
| Wednesday | February 1, 2012 | 10 a.m. – Open BOE with conference call | |
| Monday | February 6, 2012 | 7 p.m. – 8 p.m. | County |
| Wednesday | February 8, 2012 | 9 a.m. | Minerals |

**REGULAR SESSION**

**MAY 23, 2011**

**STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:**

The Preston County Commission met in Regular Session at 9:30 a.m., May 23, 2011, in the Commission Meeting Room.

The meeting was called to order by President Craig Jennings who invited those present to join in the Pledge of Allegiance.

President Jennings declared the following Commissioners present: Victoria Cole, Dave Price and Craig Jennings.

Also present were Dianna Hartman, Commission's Administrative Secretary and Kathy Mace, Administrator/Grant Writer.

The following persons registered their attendance during the meeting:

Michelle Wolford
Kari Knotts
Kim Teets
James Boreing
Duane Hamilton
Steve Rawlings
Jeff Roberson
Mel Snyder

No one registered prior to the meeting to address the Commission.

Administrator Kathy Mace advised that work on the damaged Deputies Building has been completed. Payment from the insurance company has been received in the amount of $6,342.62, representing $5,200. for damage to the building and $2,142.62 to replace the damaged furniture, with the counties deductible of $1,000.

Also, under the Energy Project, the new boiler systems have been installed in both the Courthouse and the Annex. Some duct work remains to be done.

Ms. Mace reminded Commissioners that there has always been a concern about the uneven flooring at the entrance to the County Clerk's Office in the Annex. She has received a proposal from Delano's, Inc. in the amount of $3,978. to replace with tile that area as well as the tax office front hall area. Ms. Mace believes this should eliminate the floor problem.

Commissioner Price moved to approve the Grant Progress Report, Project Financial Report and the Request for Reimbursement for the month of April, 2011, from Pharma Funds No. 10P-CCF-19. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

There were no tax exonerations presented.

Under Old Business, Commissioner Cole moved to dispense with the reading in open court of the minutes of the meeting held on May 9, 2011, and to approve the same as presented. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Jennings voting yes. Motion carried.

Commissioner Cole moved to approve the following reappointments to the counties Public Service Districts:

| | | |
|---|---|---|
| Rodney Liston – PSD No. 1 | 6-year term | 1/28/2011 – 1/28/2017 |
| Roger Weaver – PSD No. 2 | 6-year term | 1/7/2011 - 1/7/2017 |
| Jim Summers – PSD No. 4 | 6-year term | 5/2/2011 – 5/2/2017 |

Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Jennings voting yes. Motion carried.

County Clerk Linda Huggins is unable to address the Commission at her scheduled time of 9:45 a.m.

# REGULAR SESSION

## NOVEMBER 15, 2010

**STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:**

The Preston County Commission met in Regular Session at 9:30 a.m, November 15, 2010, in the Commission Meeting Room.

The meeting was called to order by President Craig Jennings who invited those present to join in the Pledge of Allegiance.

President Jennings declared the following Commissioners present: Victoria Cole, Dave Price and Craig Jennings.

Also present were Dianna Hartman, Commission's Administrative Secretary and Kathy Mace, Administrator/Grant Writer.

The following persons registered their attendance during the meeting:

Michelle Wolford
Kari Knotts
James Boreing
Allen Kukovich
Denise Knoebel
Colleen Savage
Jenny Williams
Chris Shepherd

No one registered prior to the meeting to address the Commission.

Administrator Kathy Mace reported that the asbestos abatement has been finished in the Jail Building. Also, the building envelope for the energy project is now complete.

Under Old Business, Commissioner Price moved to dispense with the reading in open court of the minutes of the meeting held on November 1, 2010, and to approve the same as presented. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

No EDA appointments were made.

Several weeks ago, a letter was presented from Rodney Liston advising of his desire to be appointed to the vacancy caused by the resignation of Randy DeBiase as a Board Member of PSD No. 1. That appointment was not made in order that others would have the opportunity to submit their name if they wished to be appointed. However, no other interest has been received.

Commissioner Cole moved to appoint Rodney Liston to the unexpired six-year term of Randy DeBiase as a Board Member of PSD No. 1, with the term to expire on January 28, 2011. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Jennings voting yes. Motion carried.

Prosecuting Attorney Mel Snyder has furnished Commissioners with a draft copy of an Ordinance to Regulate Mass Gatherings. This draft will be posted on the website, placed in both the Kingwood and Terra Alta Libraries and will be available for public inspection in the County Commission Office. Public comments will be received in the Commission office until December 1.

Under New Business, Ms. Hartman presented copies of the minutes from the Commission meetings of November 8 and 9, 2010.

Commissioner Price moved to dispense with the reading in open court of the proceedings of the Clerk of this Commission had in vacation from **November 8, 2010 through November 12, 2010,** inclusive, and to approve and confirm the same as presented by the County Clerk, there having been no exceptions or objections filed thereto. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

**REGULAR SESSION**

**February 2, 2009**
**6:30 p.m.**

**and**

**BOARD OF EQUALIZATION AND REVIEW**
**(Continued Session)**
**5:00 p.m. – 7:00 p.m.**

**STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:**

The Preston County Commission met in Continued Session as a Board of Equalization and Review at 5:00 p.m., February 2, 2009, in the Commission Meeting Room.

The meeting was called to order by President Craig Jennings who declared the following Commissioners present: Victoria Cole, Dave Price and Craig Jennings.

Also present were Administrator/Grant Writer Kathy Mace and Assessor Terri Funk.

Mr. and Mrs. Neil Manning met before the Board of Equalization and Review concerning property in Grant District Map Number 10, parcel numbers10-0022 and 10-0024. Mr. Manning did not file for Managed Timber with the Forestry Department and is requesting that his property be placed into Managed Timber.

Commissioner Price moved to approve Mr. & Mrs. Neil Manning request to place parcel numbers 10-0022 and 10-0024, Grant district into Managed Timber. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

At 6:30 p.m., President Jennings declared the Regular Session open with Commissioners Cole, Price and Jennings present.

Commissioner Price moved to authorize President Jennings to execute the U.S. Department of Housing and Urban Development HUD Project Completion and Grant Closeout Agreement, Final Financial Report and Final Performance Report (FY 2006 EDI Special Project #B-06-SP-WV-1111). Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

Mrs. Whetsell presented the Court Security Grant Quarterly Reports, Reimbursement Request and supporting documents.

Commissioner Price moved to authorize President Jennings to execute the Court Security Grant (Project No. 08-CS-19) Quarterly Reports and Reimbursement Request. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioner Price, Cole and Jennings voting yes. Motion carried.

Commissioner Price moved to approve the reappointment of Mike Adams as a Board Member for Public Service District No. 1 for a six-year term which will terminate on February 20, 2015. Motion was seconded by Commissioner Cole. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

Commissioner Cole briefly explained the 2008 Fiscal Year Audit process.

Commissioner Price moved to authorize the payment of all properly approved invoices. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Price, Cole and Jennings voting yes. Motion carried.

BOOK 0006 PAGE 0418

PRESTON COUNTY COURTHOUSE ANNEX
106 W MAIN ST STE 103
KINGWOOD, WV 26537-1131

*STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:*

*I,* Mike Adams *, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* Public Service District No. 1 Board Member

*of Preston County, for the* 6-Year *term commencing on the* 20th *day of* February, 2009 *, ~~19~~ and terminating on the 20th day of February 2015 ~~19~~ to the best of my skill and judgment. So help me God.*

*(Sign Here)* [signature]

*Subscribed and sworn to before the undersigned this* 4th *day of* March 2009 *, ~~19~~*

[signature]

Lynette M. S. Pitzer, Deputy Clerk

County Clerk
Kingwood, W. VA.

NANCY L. RECKART
PRESTON County 09:19:35 AM
Instrument No 106133
Date Recorded 03/04/2009
Document Type DFF/D
Book-Page 6-418

04-25-13;10:02AM; ;304 329 3192 # 2/ 4

*STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:*

*I,* Rodney Liston *do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* Public Service District No. 1 Board Member

*of Preston County, for the* 6-Year *term commencing on the* retroactive to 28th *day of* January 2011 *and terminating on the 28th day of January 2017 to the best of my skill and judgment. So help me God.*

*(Sign Here)* Rodney Liston

*Subscribed and sworn to before the undersigned this* 3rd *day of* June *20*11

Kim Dixon, Deputy

County Clerk
Kingwood, W. VA.

Linda Hussins
PRESTON County 12:12:30 PM
Instrument No 146073
Date Recorded 06/03/2011
Document Type OFF/D
Book-Page 6-452

*STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:*

*I,* Pat Taylor *do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* Public Service District No. 1 Board Member

*of Preston County, for the* 6-Year *term commencing on the* 31st *day of* January, 2012 *and terminating on the 31st day of January 2018. to the best of my skill and judgment. So help me God.*

*(Sign Here)* Pat Taylor

*Subscribed and sworn to before the undersigned this* 19th *day of* January *19*12.

Linda Huggins, County Clerk

County Clerk
Kingwood, W. VA.

Linda Huggins
PRESTON County 11:10:20 AM
Instrument No 156677
Date Recorded 01/19/2012
Document Type OFF/O
Book-Page 6-465

# RULES OF PROCEDURE

# PRESTON COUNTY PUBLIC SERVICE DISTRICT NUMBER 1

## ARTICLE I

## NAME AND PLACE OF BUSINESS

Section 1. Name: PRESTON COUNTY PUBLIC SERVICE DISTRICT NUMBER 1

Section 2. The principal office of this Public Service District will be located at P. O. Box 322, Arthurdale, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Preston County Public Service District Number 1, and in the center "seal" as follows:

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

## ARTICLE II

## PURPOSE

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

## ARTICLE III

## MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Preston 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 4th 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, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such 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, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Preston County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Preston County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least

48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

PRESTON COUNTY PUBLIC SERVICE DISTRICT NUMBER 1

NOTICE OF SPECIAL SESSION

The Public Service Board of Preston County Public Service District Number 1 will meet in special session on _____, at _____ .m., prevailing time, at _____, West Virginia. for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of _____ Bonds, Series _____ and Series _____, of the District, in the aggregate principal amount of $_____, to provide funds for construction of _____ facilities of the District.

2.

_____
Secretary

Date: _____

ARTICLE V

OFFICERS

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

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers

shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

## DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

## ARTICLE VII

## AMENDMENTS TO RULES OF PROCEDURE

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

to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

11/09/94
PRCO1AC.E1
723810/94001

Adopted: December 27, 1994

County Comm.

Preston County PSD #1
Regular Meeting Minutes
January 29, 2013

**Attending:** Rodney Liston, Mike Adams, Patricia Taylor, Joyce Myers, John Keener, Tim Rice-HMM, Larry & Shirley Sigley, Jack & Debbie Hawkins, Ann Pyles

**Call to Order:** Rodney called the meeting to order and welcomed visitors

**Approval of December's Minutes:** The December's minutes were signed and approved.

**Correspondence:** Joyce Presented the Board with an audit questionnaire to be filled out by the Treasurer and Secretary of the Board.

**Old Business**

**AML Project:** Tim Rice presented a progress report to the Board on the project and Joyce presented the approval from the PSC for the Certificate of Neccessity.

**Clinton System:** Tim Rice presented the Board with a cost estimate of the Clinton System. The Board requested Joyce speak to the accountant in regards to the finances available after the loan on the AML project.
Tim also reported a Breezeview Apartment Progress report.

**NRCS Update:** nothing new to report

**New Business**

**Staff Enhancement:** John, Jarious and Eddie attended classes this month.

**Good of the District:** Joyce reported that PSD#2 has their own phone line and office hours.
Rodney requested that invoice and time card review be added to the monthly agenda.

**Election of Officers:** Mike made a motion for Rodney to remain Chairman of the Board, Pat 2nd the motion, motion carried, Pat made a motion for Mike to remain Secretary, Rodney 2nd the motion, motioned carried, Rodney made a motion for Pat to remain as Treasurer, Mike 2nd the motion, motion carried.

**Financial Report:** Joyce report at the next meeting.

**Office Manager's Report:** Joyce reported that the office sent out 86 late notices. Joyce presented the Board with the quarterly financial statement.

**Plant Manager's Report**: John reported that the pump time for the plant is down to 6 to 7 hours per day.
John also reported he has been having some issues with the companies installing the fiber optic lines.

**Adjournment:** Pat made a motion to adjourn.

Rodney Liston Patricia Taylor Mike Adams

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned SECRETARY of Preston County Public Service District No. 1 hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service District:

*** *** ***

Preston County Public Service District No. 1 met, pursuant to notice duly posted, on the 23rd day of July, 2013, in Arthurdale, West Virginia, at the hour of 2:00 pm.

PRESENT: Michael Adams, Patricia Taylor, Rodney Liston (by phone), Joyce Myers, John Stump, Steptoe & Johnson PLLC

ABSENT: none

The acting Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, Mike Adams was elected acting Chair on motion duly made by Rodney Liston and seconded by Patricia Taylor

Next, 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 THE PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUSANCE BY THE DISTRICT OF $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2013 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 Rodney Liston and seconded by Patricia Taylor, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1; 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 Rodney Liston and seconded by Patricia Taylor, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Rodney Liston and seconded by Patricia Taylor, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service payments to the Municipal Bond Commission. Thereupon, on motion duly made by Rodney Liston and seconded by Patricia Taylor, it was unanimously ordered that the said Sweep Resolution be adopted.

---

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Preston County Public Service District No. 1 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 7th day of August, 2013.

Patricia C. Taylor

Secretary

723810.00003

**WV MUNICIPAL BOND COMMISSION**
State Lottery Building
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
(304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: 7-Aug-13

ISSUE: Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 322, Arthurdale, West Virginia 26520 COUNTY: Preston

PURPOSE OF ISSUE:
New Money: x
Refunding:

ISSUE DATE: 8/7/2013
ISSUE AMOUNT: $500,000.00
1ST DEBT SERVICE DUE: 1-Dec-14
1ST DEBT SERVICE AMOUNT $3,895.00

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE: 7-Aug-13
RATE: 1%
1ST PRINCIPAL DUE 1-Dec-14
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: 304.353.8196

CLOSING BANK:
Bank: Clear Mountain Bank
Contact: Kim Abbey
Phone: 304.329.2265

KNOWLEDGEABLE ISSUER CONTACT
Contact: Rodney Liston
Position: Chairman
Phone: 304.864.3014

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: 304.340.1318

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: West Virginia Inftrastructure & Jobs Development Council
Contact: Jim Ellars, P.E.
Position: Executive Director
Phone: 304.414.6501

DEPOSITS TO MBC AT CLOSE
By:
x Wire
Check

Accrued Interest: $
Capitalized Interest: $
x Reserve Account: $ 15,580.98
Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By:
Wire
Check
IGT

To Escrow Trustee $
To Issuer $
To Cons. Invest. Fun $
To Other: $

NOTES: The Series 2013 A Bonds Reserve Account will be fully funded with bond proceeds.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Clear Mountain Bank, Bruceton Mills, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Preston County Public Service District No. 1 (the "Issuer") adopted July 23, 2013, and the Supplemental Resolution of the Issuer adopted July 23, 2013 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), dated August 7, 2013, issued in the principal amount of $500,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 7th day of August, 2013.

CLEAR MOUNTAIN BANK

By: _____
Its: Authorized Officer

723810.00003

5903839

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 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 Preston County Public Service District No. 1 Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), dated August 7, 2013, issued in the aggregate principal amount of $500,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 7th day of August, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 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 Preston County Public Service District No. 1 (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 7, 2013, in the principal amount of $500,000, 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 7th day of August, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

# REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of August, 2013, by and between PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, 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 $500,000 Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted July 23, 2013, and the Supplemental Resolution of the Issuer duly adopted July 23, 2013 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver 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: Preston County Public Service District No. 1
Post Office Box 322
Arthurdale, West Virginia 26520
Attn: Chairman

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

---

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first written about.

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

723810.00003

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

## SCHEDULE OF COMPENSATION

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor | WE3013 | Charleston, West Virginia 25

STATEMENT OF REGISTRAR'S FEES
Invoice Date August 7, 2013

**Preston County Public Service District No. 1**
**Account Number 6089001809**

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 A
c/o Katy Mallory
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT
**********
FEE CALCULATION FOR August, 2013
**********

| | |
|---|---|
| TOTAL AMOUNT | $ 500.00 |
| **TOTAL DUE** | **$ 500.00** |

**MAIL CHECK TO:**
**THE HUNTINGTON NATIONAL BANK**
**ATTN: BARRY GRIFFITH – WE3013**
**PO BOX 633**
**CHARLESTON, WV 25322-0633**

**PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT**

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

® and Huntington® are federally registered service marks of Huntington Bancshares Incorporated.

PWSID: WV3303912

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 350 CHARLESTON, WV 25301-3713

Telephone (304) 558-2981

## PERMIT

(Water)

**PROJECT**: Nine County Roads Water Extensions **PERMIT NO.**: 18,864

**LOCATION**: near Arthurdale **COUNTY**: Preston **DATE**: 8-15-2011

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Preston County PSD No. 1**
**P. O. Box 322**
**Arthurdale, West Virginia 26520**

is hereby granted approval to: install approximately 21,845 LF of 6" water line; a pressure reducing valve station with 2-2" pressure reducing valves in series and 2-6" pressure reducing valves in series; and all necessary valves and appurtenances.

Facilities are to serve 51 customers along John Orr Road, Pell Road, Irish Ridge Road, Shady Lane, Pratt Hill Road, Bird's Creek Road and Mankins Road in the Preston County PSD No. 1.

NOTE: **This permit is contingent upon all new water line being disinfected, flushed and bacteriologically tested, prior to use.**

The Office of Environmental Health Services **OEHS Philippi District Office, telephone (304) 457-2296,** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:plk

pc: Hatch Mott MacDonald
Ingrid Ferrell, PSC-Engineering Division
Amy Swann, PSC
Preston County Health Department
OEHS-EED Philippi District Office

# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 7/22/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown WV 26187

CONTACT NAME: Renee Shotwell
PHONE (A/C, No, Ext): (304)375-4900 FAX (A/C, No): (304)375-5843
E-MAIL ADDRESS: rshotwell@bb-ins.com

| INSURER(S) AFFORDING COVERAGE | NAIC # |
|---|---|
| INSURER A: American Alternative Insurance | |
| INSURER B: | |
| INSURER C: | |
| INSURER D: | |
| INSURER E: | |
| INSURER F: | |

INSURED
Preston County PSD #1
P.O. Box 322
Arthurdale WV 26520

COVERAGES CERTIFICATE NUMBER: CL1372200459 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL INSR | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS | |
|---|---|---|---|---|---|---|---|---|
| A | GENERAL LIABILITY<br>X COMMERCIAL GENERAL LIABILITY<br>CLAIMS-MADE X OCCUR<br>GEN'L AGGREGATE LIMIT APPLIES PER:<br>X POLICY PRO-JECT LOC | | | GPPA-PF-6053751-02 | 2/26/2013 | 2/26/2014 | EACH OCCURRENCE | $ 1,000,000 |
| | | | | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) | $ 100,000 |
| | | | | | | | MED EXP (Any one person) | $ 10,000 |
| | | | | | | | PERSONAL & ADV INJURY | $ 3,000,000 |
| | | | | | | | GENERAL AGGREGATE | $ 3,000,000 |
| | | | | | | | PRODUCTS - COMP/OP AGG | $ 3,000,000 |
| | | | | | | | | $ |
| A | AUTOMOBILE LIABILITY<br>ANY AUTO<br>ALL OWNED AUTOS<br>HIRED AUTOS<br>X SCHEDULED AUTOS<br>NON-OWNED AUTOS | | | GPPA-PF-6053751-02 | 2/26/2013 | 2/26/2014 | COMBINED SINGLE LIMIT (Ea accident) | $ 1,000,000 |
| | | | | | | | BODILY INJURY (Per person) | $ |
| | | | | | | | BODILY INJURY (Per accident) | $ |
| | | | | | | | PROPERTY DAMAGE (Per accident) | $ |
| | | | | | | | Medical payments | $ 5,000 |
| A | UMBRELLA LIAB OCCUR<br>X EXCESS LIAB X CLAIMS-MADE<br>DED RETENTION $ | | | GPPA-PF-6053751-02 | 2/26/2013 | 2/26/2014 | EACH OCCURRENCE | $ 1,000,000 |
| | | | | | | | AGGREGATE | $ 1,000,000 |
| | | | | | | | | $ |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY<br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N<br>(Mandatory in NH)<br>If yes, describe under DESCRIPTION OF OPERATIONS below | N / A | | | | | WC STATU-TORY LIMITS OTH-ER | |
| | | | | | | | E.L. EACH ACCIDENT | $ |
| | | | | | | | E.L. DISEASE - EA EMPLOYEE | $ |
| | | | | | | | E.L. DISEASE - POLICY LIMIT | $ |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

WV Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

William Bailey/RDS


© 1988-2010 ACORD CORPORATION. All rights reserved.
The ACORD name and logo are registered marks of ACORD

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

# MEMORANDUM

**To:** **Financing Team**

**From:** **John C. Stump, Esquire**

**Date:** **August 7, 2013**

**Re:** **Preston County Public Service District No. 1**
**527 U Road, Arthurdale, WV 26520**
**Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund)**

---

## 1. DISBURSEMENTS TO DISTRICT:

| | |
|---|---|
| Payor: | West Virginia Infrastructure and Jobs Development Council |
| Amount: | $63,949.18 |
| Form: | Wire Transfer |
| Bank: | Clear Mountain Bank<br>160 Morgantown Street<br>Bruceton Mills, WV 26525 |
| ABA No.: | 051502599 |
| Acct. No.: | 1873415 |
| Contact: | Kim Abbey 304.329.2265 |
| Account: | Series 2013 A Bonds Construction Trust Fund |

## 2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION:

| | |
|---|---|
| Payor: | West Virginia Infrastructure and Jobs Development Council |
| Source: | Series 2013 A Bonds Proceeds |
| Amount: | $15,580.98 |
| Form: | Wire |
| Payee: | Preston County Public Service District No. 1 |
| ABA No: | 051503394 |
| Account No: | 5270517317 |
| Bank: | BB&T for the benefit of Municipal Bond Commission |
| Contact: | Sara Rogers, 304.558.3971 |
| Purpose: | Fully fund the Series 2013 A Bonds Reserve Account |

723810.00003

**PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1**
**2011W-1285**

**RESOLUTION OF THE PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 APPROVING INVOICES RELATING TO SERVICES FOR THE WATER SYSTEM IMPROVEMENT PROJECT AND AUTHORIZING PAYMENT THEREOF,**

**WHEREAS**, the Preston County Public Service District No. 1, has reviewed the invoices attached in relation to the Project funded by the West Virginia Infrastructure & Jobs Development Council ("IJDC") find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

**NOW, THEREFOR, BE IT RESOLVED** the Preston County Public Service District No. 1 by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

| Vendor | Total | IJDC | AML |
|---|---|---|---|
| Steptoe & Johnson | 15,000.00 | 15,000.00 | 0.00 |
| Huntington Bank | 500.00 | 500.00 | 0.00 |
| Bennett & Dobbins | 15,000.00 | 15,000.00 | 0.00 |
| Steptoe & Johnson | 8,000.00 | 8,000.00 | 0.00 |
| Hatch Mott MacDonald | 15,717.00 | 15,717.00 | 0.00 |
| Fraley Legal | 9,732.18 | 9,732.18 | 0.00 |
| MBC Reserves | 15,580.98 | 15,580.98 | 0.00 |
| | | | |
| Total | 79,530.16 | 79,530.16 | 0.00 |

**ADOPTED BY the Preston County Public Service District No. 1** on the 23rd day of July, 2013

By: _____
Its: Chairman

State of West Virginia
WATER DEVELOPMENT AUTHORITY
1009 Bullitt Street, Charleston, WV 25301
(304)414-6500 – (304)414-0865 (Fax)
Internet: www.wvwda.org – Email: contact@wvwda.org

Date 8/6/13 Time 1:30 LGA Preston Co #1 Program IJDC

| NAME | COMPANY, AGENCY, OR ORGANIZATION | TELEPHONE | FAX | E-MAIL |
|---|---|---|---|---|
| Sheila Miller | WDA | 304-414-6500 x105 | 304-414-0865 | smiller@wvwda.org |
| John Stump | Steptoe & Johnson PLLC | 304.353.8196 | 304.353.8181 | john.stump@steptoe-johnson.com |
| Suzanne Gore | Jackson Kelly PLLC | 304 340 1318 | 304 340 1291 | sgore@jacksonkelly.com |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

The Authority requests that they 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 Rodney Liston, Chairman Telephone 304.864.3014 E-Mail N/A

Address P.O. Box 322, Arthurdale WV 26520

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 Non-Arbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code 1986 as amended.

# SWEEP RESOLUTION

**WHEREAS**, the Preston County Public Service District No. 1 (the "Issuer") is a governmental body and political subdivision of West Virginia;

**WHEREAS**, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

**WHEREAS**, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

**WHEREAS**, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

**WHEREAS**, Pursuant to Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

**WHEREAS**, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

**NOW THEREFORE BE IT RESOLVED AS FOLLOWS:**

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, 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 23rd day of July, 2013.

Chairman

Patricia C. Taylor

Secretary

West Virginia
Department of
Environmental Protection

| CFDA# | WV CODE | CFR |
|---|---|---|
| 15.252 | Chapter 22-1-6 | 30 CFR Chapter VII |

| Recipient Type: | Grant Year: | Grant Number: | Mailing Date: | Date of Award: |
|---|---|---|---|---|
| County | 2010 | 17948 | NA | 10/26/10 |

| Sub Recipient: (include FEIN) | Sub Recipient Contact: |
|---|---|
| Preston County PSD #1<br>PO Box 322<br>Arthurdale, WV, 26520<br>FEIN: 550 536 218 DUNS: 078952889 | Preston County PSD #1<br>Joyce Myers, Office Manager<br>PO Box 322<br>Arthurdale, WV, 26520 |

**Project Title and Description:**

**Nine County Roads:**
The project consists of an extension to serve 52 potentially new customers in the Nine County Road areas.

| Performance Period: | Total Sub Grant Award: |
|---|---|
| 11/01/10-06/30/12 | $717,680.00 |

## NOTICE OF CHANGE
## AMENDMENT #1

The specific terms and conditions of this amendment are as follows:

1. To extend the performance period of the sub grant to include AML eligible project work from October 30, 2011 to June 30, 2012.

2. To reduce the sub grant by $40,320.00. This reduction is to be applied to the engineering during construction for the John Orr Road area of the project which is no longer eligible for AML funds.

This amendment takes effect at the time of signing by the Cabinet Secretary of WVDEP or his authorized representative. In all other respects the sub grant of which this is an amendment shall remain in full force and effect.

**AWARD APPROVAL OFFICE**

**ORGANIZATION / ADDRESS**

Randy C. Huffman, Cabinet Secretary
West Virginia Department of Environmental Protection
601 57th Street, S.E.
Charleston, WV 25304

| WVDEP Comptroller: | WVDEP Sub Grant Unit: | WVDEP (Project Manager): |
|---|---|---|
| WVDEP<br>Jean Sheppard<br>Office of Administration<br>601 57th Street, S.E.<br>Charleston, WV 25304<br>Phone: 304-926-0499 ext 1551 | WVDEP<br>Patrick C. Park, Sub Grant Unit Manager<br>Office of Administration<br>601 57th Street, S.E.<br>Charleston, WV 25304<br>Phone: 304-926-0499 ext 1479 | WVDEP<br>David Broschart, Regional Engineer<br>Office of AML&R<br>105 S. Railroad St., Suite 301<br>Philippi, WV 26416<br>Phone: 304-457-3219 |

**WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION**

| Signature of Award Official | Typed Name and Title | Date |
|---|---|---|
| Digital signature applied by WVDEP Award Official | Randy C. Huffman, Cabinet Secretary WVDEP | 01/12/12 |

**AFFIRMATION OF AWARD**

**BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION**

| Signature | Typed Name and Title | Date |
|---|---|---|
| | | |

West Virginia
Department of
Environmental Protection

| CFDA# | WV CODE | CFR |
|---|---|---|
| 15.252 | Chapter 22-1-6 | 30 CFR Chapter VII |

| Recipient Type: | Grant Year: | Grant Number: | Mailing Date: | Date of Award: |
|---|---|---|---|---|
| County | 2010 | 17948 | NA | 10/26/10 |

| Sub Recipient: (Include FEIN) | Sub Recipient Contact: |
|---|---|
| Preston County PSD #1<br>PO Box 322<br>Arthurdale, WV, 26520<br>FEIN: 550 536 218 DUNS: 078952889 | Preston County PSD #1<br>Joyce Myers, Office Manager<br>PO Box 322<br>Arthurdale, WV, 26520 |

**Project Title and Description:**

**Nine County Roads:**
The project consists of an extension to serve 52 potentially new customers in the Nine County Road areas.

| Performance Period: | Total Sub Grant Award: |
|---|---|
| 11/01/10-10/30/11 | $758,000.00 |

## NOTICE OF AWARD

The West Virginia Department of Environmental Protection (WVDEP) under Chapter 22 Article 2 of the Code of West Virginia is charged with the reclamation of lands and water affected by the adverse affects of coal mining activities which took place prior to August 3, 1977, pursuant to Title IV of Public Law 95-87 known as "The Surface Mining Control and Reclamation Act of 1977" and the "Tax Relief and Health Care Act of 2006" Public Law 109-432 which included the Surface Mining Control and Reclamation Amendments of 2006.

WVDEP has determined that the area of the Nine County Road replacement is 100% impacted from pre-1977 coal mining operations. Based upon an application received from Preston County Public Service District #1 (PCPSD 1) dated June 1, 2010, WVDEP hereby awards a sub grant to PCPSD 1 in the amount of $758,000.00. The award consists of $168,000.00 for administrative costs as specified in the work plan and the estimated construction cost of $590,000.00. An amendment to the estimated construction costs shall be completed upon acceptance of construction bids. The U.S. Department of the Interior, Office of Surface Mining awarded WVDEP Abandoned Mine Lands Simplified Grant for this purpose. Such award may be terminated by WVDEP without further cause if the sub recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Sub Grant Unit listed below within 21 days after receipt. This agreement is subject to applicable federal and state statutory provisions, and all terms and grant conditions of this agreement plus the financial monitoring plan and work plan.

**AWARD APPROVAL OFFICE**

**ORGANIZATION / ADDRESS**

Randy C. Huffman, Cabinet Secretary
West Virginia Department of Environmental Protection
601 57th Street, S.E.
Charleston, WV 25304

| WVDEP Comptroller: | WVDEP Sub Grant Unit: | WVDEP (Project Manager): |
|---|---|---|
| WVDEP<br>Jean Sheppard<br>Office of Administration<br>601 57th Street, S.E.<br>Charleston, WV 25304<br>Phone: 304-926-0499 ext 1551 | WVDEP<br>Patrick C. Park, Sub Grant Unit Manager<br>Office of Administration<br>601 57th Street, S.E.<br>Charleston, WV 25304<br>Phone: 304-926-0499 ext 1479 | WVDEP<br>David Broschart, Regional Engineer<br>Office of AML&R<br>105 S. Railroad St., Suite 301<br>Philippi, WV 26416<br>Phone: 304-457-3219 |

## WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION

| Signature of Award Official | Typed Name and Title | Date |
|---|---|---|
| Digital signature applied by WVDEP Award Official | Randy C. Huffman, Cabinet Secretary WVDEP | 10/26/10 |

## AFFIRMATION OF AWARD

**BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION**

| Signature | Typed Name and Title | Date |
|---|---|---|
| | | |

SC-IC-1
(03/11)

# GRANT AGREEMENT
(2010W-1214SC)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), at the direction of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (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 $85,900 (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.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PATRICIA C. TAYLOR
ROUTE 1, BOX 113
INDEPENDENCE, WV 26374
My commission expires May 21, 2016

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman
Date: June 7, 2013

(SEAL)

Attest: _____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: June 7, 2013

(SEAL)

Attest: _____
Its: Authorized Officer

{C2022793.1}

**[To Be Placed on Letterhead]**

**Exhibit A**

**Wiring Instructions**

June 25, 2013

Preston County Public Service District No. 1
P. O. Box 322
Arthurdale, WV 26520

| | |
|---|---|
| **Payor:** | **West Virginia Water Development Authority** |
| **Source:** | **Grant Proceeds** |
| **Amount:** | **$** 85900 loan $500,000 |
| **Date:** | 6-25-13 |
| **Form:** | **Electronic Funds Transfer** |
| **Payee:** | **Preston County Public Service District No. 1** |
| | **P. O. Box 322, Arthurdale, WV 26520** |
| **Contact Name:** | Joyce Myers |
| **Telephone:** | **(304)** 864 3014 |
| **Bank Name:** | Clear Mountain Bank |
| **Bank Street Address:** | PO Box 205 Bruceton Mills WV 26525 |
| **Bank Contact:** | Kim Abbey |
| **Telephone:** | **(304)** 329-2265 |
| **ABA:** | 051502599 |
| **Account #:** | 18 73415 |
| **Account:** | **Series 2013 Bonds 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.

Number of New Users: 50
Location: 18 on the John Orr Road portion and 32 on the AML portion

**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 6th day of January 2011.

CASE NO. 10-1863-PWD-PC

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO.1
a public utility.

Petition for consent and approval of an engineering agreement between the District and Hatch Mott MacDonald, LLC, to accept a grant from the DEP, and to accept a grant from the WVIJDC.

## COMMISSION ORDER

The Commission grants its consent and approval to an engineering agreement and the receipt of grants from the West Virginia Departmental of Environmental Protection (DEP) and the West Virginia Infrastructure and Jobs Development Council (WVIJDC).

## BACKGROUND

On December 9, 2010, the Preston County Public Service District (Preston County) filed a petition for consent and approval of an engineering agreement between the District and Hatch Mott MacDonald, LLC. (Hatch). Additionally, the petition requested approval for the District to accept a grant from the DEP Abandoned Mine Lands Program in the amount of $1,274,050 and a grant from the WVIJDC in the amount of $85,900. The engineering agreement and grants are necessary to begin design work on a project that is expected to extend water service to approximately fifty-two customers in Preston County, West Virginia (Proposed Project). Preston County filed with its petition a copy of the proposed engineering agreement with Hatch, evidence of compliance with the provisions of Chapter 5G of the West Virginia Code, and a copy of the commitment letter from DEP. Preston County stated in the petition that it has been informed that the WVIJDC is in the process of generating a commitment letter associated with WVIJDC grant. Preston County represented that it would file the WVIJDC commitment letter with the Commission when it receives that letter.

On January 3, 2011, Commission Staff filed an Initial and Final Joint Staff Memorandum recommending that the Commission grant its prior consent and approval (i) to enter into the engineering agreement; and (ii) to accept the DEP and the WVIJDC grants.

Staff noted that approval of the engineering agreement does not constitute approval of the proposed project.

## DISCUSSION

Pursuant to W.Va. Code §16-13a-25 and based on the Staff recommendation, the Commission will grant its prior consent and approval for Preston County to enter into an engineering agreement with Hatch to design its project as described in the petition. The Commission will also grant its prior consent and approval for Preston County to accept a $1,274,050 DEP grant and a $85,900 WVIJDC grant. Commission approval in this case should not be construed as approval of the Proposed Project.

## FINDINGS OF FACT

1. Preston County seeks Commission consent and approval for an engineering agreement with Hatch to design a project to serve fifty-two new customer as further described in the petition.

2. Preston County seeks Commission consent and approval to accept a DEP grant in the amount of $1,274,050 and a WVIJDC grant in the amount of $85,900.

3. Staff recommended that the Commission give its prior consent and approval for the engineering agreement and the two grants. January 3, 2011 Staff Memorandum.

## CONCLUSION OF LAW

It is reasonable for the Commission to grant its prior consent and approval for Preston County to enter into the engineering agreement with Hatch and accept the associated grants because the engineering fees will be funded entirely by grant money.

## ORDER

IT IS THEREFORE ORDERED that the Commission grants its prior consent and approval for Preston County Public Service District No. 1 to enter into the engineering agreement submitted on December 9, 2010, between it and Hatch Mott MacDonald, LLC, for the project described herein.

IT IS FURTHER ORDERED that the Commission grants its prior consent and approval for Preston County Public Service District No. 1 to accept a $1,274,050 grant from the West Virginia Departmental of Environmental and Protection Abandon Mine Lands Grant program.

IT IS FURTHER ORDERED that the Commission grants it prior consent and approval for Preston County Public Service District No. 1 to accept a $85,900 grant from the West Virginia Infrastructure and Jobs Development Council for the project described herein.

IT IS FURTHER ORDERED that Preston County shall file a copy of the grant commitment letter from WVIJDC, as a closed entry in this case.

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

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

SMS/slc
101863c.wpd

USDA

United States Department of Agriculture

**Rural Development**

West Virginia State Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

August 7, 2013

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 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 RUS Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of $500,000 (the "Series 2013 A Bonds") by Preston County Public Service District No. 1 (the "Issuer"), under the terms of the bond resolution authorizing the Series 2013 A Bonds (the "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 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds"); and (2) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds"), (collectively, the "RUS Bonds").

RURAL UTILITIES SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Susan L Newromer
for Authorized Representative

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

WEST VIRGINIA
Water Development Authority
Celebrating 37 Years of Service 1974 - 2013

(Consent of WDA to Parity)

August 7, 2013

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2013 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the present Holder of the Series 2007 A Bonds and Series 2007 B Bonds, hereinafter defined and described, in reliance upon the certificate of Bennett & Dobbins, independent certified public accountants, and Steptoe & Johnson PLLC, bond counsel, that the Issuer has met the coverage and parity requirements set forth in the Resolutions authorizing the Prior Bonds, hereby consents to the issuance of the Water Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of $500,000 (the "Series 2013 A Bonds") by Preston County Public Service District No. 1 (the "Issuer"), under the terms of the resolutions authorizing the Series 2013 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's: (i) Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12, 2007, issued in the original aggregate principal amount of $1,391,300 (the "Series 2007 A Bonds"); and (ii) Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838 (the "Series 2007 B Bonds"), (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Its: Authorized Representative

723810.00003

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

# PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

## Water Revenue Bonds,
## Series 1995 A and Series 1995 B

## BOND RESOLUTION

## Table of Contents


| Subject | | Page |
|---|---|---|
| **ARTICLE I** **STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS** | | |
| Section 1.01 | Authority for This Resolution | 1 |
| Section 1.02 | Findings and Determinations | 1 |
| Section 1.03 | Bond Legislation Constitutes Contract | 3 |
| Section 1.04 | Definitions | 4 |
| **ARTICLE II** **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT** | | |
| Section 2.01 | Authorization of Acquisition and Construction of the Project | 9 |
| **ARTICLE III** **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS** | | |
| Section 3.01 | Authorization of Bonds | 10 |
| Section 3.02 | Description of Bonds | 10 |
| Section 3.03 | Negotiability, Registration, Transfer and Exchange of Bonds | 10 |
| Section 3.04 | Bond Registrar | 11 |
| Section 3.05 | Execution of Bonds | 11 |
| Section 3.06 | Bonds Mutilated, Destroyed, Stolen or Lost | 11 |
| Section 3.07 | Bonds Secured by Pledge of Net Revenues | 12 |
| Section 3.08 | Form of Bonds | 12 |
| | FORM OF 1995 A BOND | 13 |
| | FORM OF 1995 B BOND | 19 |

## 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 | 25 |
| Section 4.02 | Bond Proceeds; Project Construction Account | 25 |
| Section 4.03 | Covenants of the Issuer as to System Revenues and Funds | 26 |
| Section 4.04 | Interim Construction Financing | 30 |


## ARTICLE V
### GENERAL COVENANTS, ETC.


| | | |
|---|---|---|
| Section 5.01 | General Statement | 31 |
| Section 5.02 | Rates | 31 |
| Section 5.03 | Sale of the System | 31 |
| Section 5.04 | Issuance of Additional Parity Bonds or Obligatios | 31 |
| Section 5.05 | Insurance and Bonds | 31 |
| Section 5.06 | Statutory Mortgage Lien | 33 |
| Section 5.07 | Events of Default | 33 |
| Section 5.08 | Enforcement | 33 |
| Section 5.09 | Fiscal Year; Budget | 33 |
| Section 5.10 | Compensation of Members of Governing Body | 34 |
| Section 5.11 | Covenant to Proceed and Complete | 34 |
| Section 5.12 | Books and Records; Audits | 34 |
| Section 5.13 | Maintenance of System | 34 |
| Section 5.14 | No Competition | 34 |


## ARTICLE VI
### RATES, ETC.


| | | |
|---|---|---|
| Section 6.01 | Initial Schedule of Rates and Charges; Rules | 35 |


## ARTICLE VII
### MISCELLANEOUS


| | | |
|---|---|---|
| Section 7.01 | Payment of Bonds | 36 |
| Section 7.02 | Modification or Amendment | 36 |
| Section 7.03 | Delivery of Bonds | 36 |
| Section 7.04 | Severability of Invalid Provisions | 36 |
| Section 7.05 | Conflicting Provisions Repealed | 36 |
| Section 7.06 | Table of Contents and Headings | 36 |
| Section 7.07 | Covenant of Due Procedure, Etc. | 37 |

| | | |
|---|---|---|
| Section 7.08 | Effective Time | 37 |
| | SIGNATURES | 37 |

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

RESOLUTION AUTHORIZING THE ISSUANCE OF $585,000 WATER REVENUE BOND, SERIES 1995 A, AND $1,190,000 WATER REVENUE BOND, SERIES 1995 B, OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, ON A PARITY WITH THE OUTSTANDING WATER REVENUE BOND, SERIES 1972, AND WATER REVENUE BOND, SERIES 1974, OF THE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM AND ALL APPURTENANT FACILITIES IN THE DISTRICT; 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 PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

## 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. Preston County Public Service District No. 1 (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Preston County of said State, duly created pursuant to the Act by The County Commission of Preston County.

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

A. The Issuer now has a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing waterworks facilities with all

appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a new 700 GPM water treatment plant, including raw water lines and discharge lines and waterline extensions into the areas of Gladesville, Stoney Run, Hilltop and Brauns Mill, including two storage tanks, a pump station and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The 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 $3,615,000 of which $1,775,000 will be obtained from the proceeds of sale of the Bonds herein authorized, $1,090,000 will be obtained from a grant from the Purchaser and $750,000 will be obtained from a grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its water revenue bonds in the total aggregate principal amount of $1,775,000, in two series, being the 1995 A Bond (hereinafter defined), in the aggregate principal amount of $585,000 and the 1995 B Bond (hereinafter defined), in the aggregate principal amount of $1,190,000 (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 acquisition and construction of the Project; the cost of all property rights, easemments 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 outstanding obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1972, dated October 11, 1972 (the "1972 Bond"), issued in the original aggregate principal amount of $213,000 and the Water Revenue Bond, Series 1974, dated September 13, 1974 (the "1974 Bond"), issued in the original aggregate principal amount of $70,000, all held by the Purchaser (as hereinafter defined). The 1972 Bond and the 1974 Bond are hereinafter collectively referred to as the "Prior Bonds." There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

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

H. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated December 17, 1993, and all amendments thereto, if any (collectively, the "Letters 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, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bonds, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the 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. 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.

"1995 A Bond" means the Water Revenue Bond, Series 1995 A, authorized hereby to be issued pursuant to this Bond Legislation.

"1995 B Bond" means the Water Revenue Bond, Series 1995 B, authorized hereby to be issued pursuant to this Bond Legislation.

"1974 Bond" means the outstanding Water Revenue Bond, Series 1974, of Issuer described in Section 1.02G hereof.

"1972 A Bond" means the outstanding Water Revenue Bond, Series 1972, of the Issuer described in Section 1.02G hereof.

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

"Bonds" means, collectively, the 1995 A Bond and the 1995 B Bond.

"Chairman" means the Chairman of the Governing Body.

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

"Depository Bank" means Bruceton Bank, Reedsville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

"Issuer," "Borrower" or "District" means Preston County Public Service District No. 1, in Preston County, West Virginia, and includes the Governing Body.

"Letters of Conditions" means, collectively, the Letters of Conditions of the Purchaser dated December 17, 1993, 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 Bonds and into the Reserve Account and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the 1972 Bond and the 1974 Bond of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the 1972 Resolution and the 1974 Resolution, all hereinafter defined.

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

"Purchaser" or "Government" means United States Department of Agriculture, Rural Economic and Community Development, 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.

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

"Resolutions" means, collectively, the 1972 Resolution, the 1974 Resolution and the Bond Legislation.

"1972 Resolution" means the resolution of the Issuer adopted January 7, 1972, authorizing the 1972 Bond.

"1974 Resolution" means the resolution of the Issuer adopted September 13, 1974, authorizing the 1974 Bond.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the existing waterworks of the Issuer as 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.

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,615,000, 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 1995 A" and "Water Revenue Bond, Series 1995 B," are hereby authorized to be issued in the respective principal amounts of $585,000 and $1,190,000 for a total aggregate principal amount of not exceeding $1,775,000 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 1995 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 1995 A Bond shall bear interest from the date of delivery, payable monthly at the rate of 5.25% per annum, and shall be sold for the par value thereof.

B. The 1995 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 1995 B Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.50% per annum, and shall be sold for the par value thereof.

The 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, all on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds and the Prior 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 1995 A BOND)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

WATER REVENUE BOND, SERIES 1995 A

$585,000

No. AR-1 Date: September 19, 1995

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS ($585,000), plus interest on the unpaid principal balance at the rate of 5.25% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,966.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of

authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower 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 1972 Bond, the 1974 Bond and the 1995 B Bond, all defined and described in said Resolution.

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 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.

PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 322
P. O. Box No. or Street Address)

Arthurdale, West Virginia 26520
(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) | $ | | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

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 1995 B BOND)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

WATER REVENUE BOND, SERIES 1995 B

$1,190,000

No. BR-1 Date: September 19, 1995

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (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 MILLION ONE HUNDRED NINETY THOUSAND DOLLARS ($1,190,000), plus interest on the unpaid principal balance at the rate of 4.50% 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 $5,463.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of

authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower 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 1972 Bond, the 1974 Bond and the 1995 A Bond, all defined and described in said Resolution.

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 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.

PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 322
P. O. Box No. or Street Address)

Arthurdale, West Virginia 26520
(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) | $ | | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

## ARTICLE IV

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

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 1972 Resolution and continued by the 1974 Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the 1972 Resolution and continued by the 1974 Resolution);

(2) Reserve Account (established by the 1972 Resolution and continued by the 1974 Resolution);

(3) Depreciation Reserve (established by the 1972 Resolution and continued by the 1974 Resolution); 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 Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the 1972 Resolution and the 1974 Resolution not otherwise modified herein:

(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 and the Prior Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds and the Prior Bonds (or such other place as may be provided pursuant to the Bonds and the Prior Bonds), the amounts required to pay the interest on the Bonds and the Prior Bonds, and to amortize the principal of the Bonds and the Prior Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds and the Prior 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 Account, 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 and the Prior Bonds in any year, until the amount in the Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Account, the Issuer shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and the Prior Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds and the Prior Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds and the Prior Bonds, or for mandatory prepayment of the Bonds and the Prior 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 Account 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 Reserve, the moneys remaining in the Revenue Fund until there has been accumulated in the Depreciation Reserve the aggregate sum of $150,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds and the Prior Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(v) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Bonds and the Prior Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Reserve Account shall be sufficient to prepay the Bonds and the Prior Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds and the Prior 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 Account and the Depreciation Reserve, as herein provided, and all amounts required for the Reserve Account and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

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 Prior Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

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

Subject to the Prior Resolutions, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Government Obligations having maturities not exceeding two years. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing

thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the Prior Resolutions, earnings upon moneys in the Reserve Account, 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 1,062 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 Notes in an aggregate principal amount not to exceed $500,000. 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, dated September 19, 1995, with Bruceton Bank, Reedsville, West Virginia. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Credit Agreement.

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

## ARTICLE V

## GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account 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 the Prior Bonds and sufficient to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the 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, on a parity with the statutory mortgage lien in favor the Holders of the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bonds and shall be for the equal benefit of the Bonds and the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the 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 14, 1995 (and deemed final on April 3, 1995), Case No. 94-0296-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

## ARTICLE VII

## MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the 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. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

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

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

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

Adopted: September 19, 1995.

Kermit R. Finn
Chairman of Public Service Board

Delores Rankin
Member

Glenn R. Holmes Jr.
Member

09/14/95
PROCO1AJ.A3
723810/94001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 1972;
Water Revenue Bonds, Series 1974;
Water Revenue Bonds, Series 1995 A; and
Water Revenue Bonds, Series 1995 B
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR THE ESTABLISHMENT OF RESERVE ACCOUNTS FOR THE SERIES 1972 BONDS, SERIES 1974 BONDS, SERIES 1995 A BONDS, AND SERIES 1995 B BONDS, TRANSFER OF FUNDS ACCORDINGLY, AND AMENDMENT OF PRIOR RESOLUTIONS TO EFFECT SUCH TRANSFER AND MODIFICATION THEREOF

**WHEREAS**, Preston County Public Service District No. 1 (the "Issuer") has previously issued its Water Revenue Bonds, Series 1972 (United States Department of Agriculture), dated October 11, 1972, issued in the original aggregate principal amount of $213,000 (the "Series 1972 Bonds"), and held by the United States Department of Agriculture (the "Purchaser").

**WHEREAS**, the Issuer has previously issued its Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000 (the "Series 1974 Bonds"), and held by the Purchaser.

**WHEREAS**, the Issuer has previously issued its Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds"), and held by the Purchaser.

**WHEREAS**, the Issuer has previously issued its Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995,

issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds"), and held by the Purchaser.

**WHEREAS**, the Bond Resolutions authorizing the Series 1972 Bonds, the Series 1974 Bonds, the Series 1995 A Bonds, and the Series 1995 B Bonds are collectively known as the Prior Resolutions.

**WHEREAS**, the following special funds or accounts have been created and established by Prior Resolutions and held by Clear Mountain Bank, Reedsville, West Virginia, as the Depository Bank (hereinafter, the "Depository Bank").

(1) Revenue Fund;

(2) Series 1995 Reserve Account; and

(3) Depreciation Reserve.

**WHEREAS**, the following special funds or accounts have been created by Prior Resolutions and held at the West Virginia Municipal Bond Commission (the "Commission");

(1) Series 1972 Bonds Sinking Fund;

(2) Series 1972 and Series 1974 Reserve Account; and

(3) Series 1972 and Series 1974 Depreciation Reserve.

**WHEREAS**, the Series 1995 A Bonds are secured by a reserve account pledged for the payment of principal of and interest on the Series 1995 A Bonds (hereinafter, the "Series 1995 A Bonds Reserve Account"), which account is, pursuant to the resolution of the Issuer authorizing the Series 1995 A Bonds, held by the Depository Bank;

**WHEREAS**, the Series 1995 B Bonds are secured by a reserve account pledged for the payment of principal of and interest on the Series 1995 B Bonds (hereinafter, the "Series 1995 B Bonds Reserve Account"), which account is, pursuant to the resolution of the Issuer authorizing the Series 1995 B Bonds, held by the Depository Bank;

**WHEREAS**, the Purchaser has requested that the Series 1972 Bonds, the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds each have

separate and distinct reserve accounts and that the Issuer transfer the monies in the Series 1995 A Bonds Reserve Account and the Series 1995 B Bonds Reserve Account from the Depository Bank to the Commission;

**WHEREAS**, the Prior Resolutions provides for amendments by supplemental resolution with the prior written consent of the Purchaser and such consent has been received by the Issuer; and

**WHEREAS**, the Issuer deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted,

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:**

Section 1. The Prior Resolutions are amended, as necessary, to reflect the following:

A. The following special funds or accounts are created and established with (or continued if previously established by Prior Resolutions) and shall be held by the Depository Bank separate and distinct from all other funds or accounts of the Depository Bank and from each other.

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

(2) Renewal and Replacement Fund (established by Prior Resolutions as Depreciation Reserve and hereby renamed and continued).

B. 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 1972 Bonds Sinking Fund (established by Prior Resolution and continued hereby);

(2) Series 1972 Bonds Reserve Account (established as Series 1972 and Series 1974 Reserve Account by Prior Resolutions and hereby renamed and continued);

(3) Series 1974 Bonds Reserve Account;

(4) Series 1995 A Bonds Reserve Account; and

(5) Series 1995 B Bonds Reserve Account.

C. System Revenues; Flow of Funds. 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 Supplemental Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All monies at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts required by the Prior Resolutions to pay interest on the Series 1972 Bonds, and (ii) remit to the National Finance Office the amounts required by Prior Resolutions to pay interest on the Series 1974 Bonds, Series 1995 A Bonds and the Series 1995 B Bonds.

(3) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts required by the Prior Resolutions to pay principal on the Series 1972 Bonds, and (ii) remit to the National Finance Office the amounts required by Prior Resolutions to pay principal on the Series 1974 Bonds, Series 1995 A Bonds and the Series 1995 B Bonds.

(4) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 1972 Bonds, Series 1974 Bonds, Series 1995 A Bonds and the Series 1995 B Bonds.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

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 Commission is designated as the Fiscal Agent for the administration of the Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account as herein provided, and all amounts required for the Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

F. Moneys in the Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

G. Earnings from moneys in Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account, so long as the amounts required by Prior Resolutions for each reserve account are on deposit in such account and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

H. The Issuer shall remit from the Revenue Fund to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.

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

Section 2. Transfer of Funds.

A. Series 1995 A Bonds Reserve Account. In connection with the Series 1995 A Bonds Reserve Account, (i) $6,380 shall be deposited from the Series 1995 Reserve Account at the Depository Bank to the Commission; and (ii) $3,918 shall be transferred from the Series 1972 and Series 1974 Depreciation Reserve previously established at the Commission and shall be deposited with the Commission in the Series 1995 A Bonds Reserve Account, all to partially fund the Series 1995 A Bonds Reserve Account as shown on Exhibit A attached hereto.

B. Series 1995 B Bonds Reserve Account. In connection with the Series 1995 B Bonds Reserve Account, (i) $11,751 shall be deposited from the Series 1995 Reserve Account at the Depository Bank to the Commission; and (ii) $7,216 shall be transferred from the Series 1972 and Series 1974 Depreciation Reserve previously established at the Commission and shall be deposited with the Commission in the Series 1995 B Bonds Reserve Account, all to partially fund the Series 1995 B Bonds Reserve Account as shown on Exhibit A attached hereto.

C. Series 1974 Bonds Reserve Account. In connection with the Series 1974 Bonds Reserve Account, $4,116 shall be transferred from the renamed Series 1972 Bonds Reserve Account at the Commission and shall be deposited with the

Commission in the Series 1974 Bonds Reserve Account, which is sufficient to fully fund the Series 1974 Bonds Reserve Account to the amount required by the Prior Resolutions.

D. Series 1972 Bonds Reserve Account. In connection with the Series 1972 Bonds Reserve Account, an amount of at least $12,650 shall remain in the renamed Series 1972 Bonds Reserve Account at the Commission, which is sufficient to fully fund the Series 1972 Bonds Reserve Account to the amount required by the Prior Resolutions.

E. If after these transfers any moneys remain in the Series 1995 Reserve Account at the Depository Bank, they shall be transferred to the Renewal and Replacement Fund held at the Depository Bank.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 26th day of June, 2007.

PRESTON COUNTY PUBLIC
SERVICE DISTRICT NO. 1

Randolph W. De Busia
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Preston County Public Service District No. 1 on this 26th day of June, 2007.

Dated: June 26, 2007.

[SEAL]

Secretary

723810.00001

EXHIBIT A

(See Attached)

Preston County PSD #1
Funding Reserves
at
Municipal Bond Commission

June 26, 2007

Reserves currently at Clear Mountain Bank

| | Reserve Requirement | From MBC Dep. Reserve | From Dep Bank | From 2007 A proceeds | Total |
|---|---|---|---|---|---|
| 1995 A Reserve | 35,592.00 | 3,918.00 | 6,380.00 | 25,294.00 | 35,592.00 |
| 1995 B Reserve | 65,556.00 | 7,216.00 | 11,751.00 | 46,589.00 | 65,556.00 |
| Totals | 101,148.00 | 11,134.00 | 18,131.00 | 71,883.00 | 101,148.00 |

Reserves currently at Municipal Bond Commission

| | Reserve Requirement | From MBC Reserve | From Dep Bank | From 2007 A proceeds | Total |
|---|---|---|---|---|---|
| 1972 Reserve | 12,650.00 | 12,650.00 | 0.00 | 0.00 | 12,650.00 |
| 1974 Reserve | 4,116.00 | 4,116.00 | 0.00 | 0.00 | 4,116.00 |
| Totals | 16,766.00 | 16,766.00 | 0.00 | 0.00 | 16,766.00 |

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1972 (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1972)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: October 11, 1972

CLOSING DATE: October 11, 1972

ISSUE AMOUNT: $ 213,000

RATE: 5%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: $NA

PAYING AGENT: _____

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department of Agriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Reserve Account: $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_X_ IGT
(72 & 74 Reserve)

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
_X_ To Other: 1972 Reserve $ 12,650.00

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1972 Bonds Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH898328.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1974 (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1974)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 13, 1974

CLOSING DATE: September 13, 1974

ISSUE AMOUNT: $ 70,000

RATE: _____

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: $NA

PAYING AGENT: _____

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS
COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department of Agriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Reserve Account: $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_X_ IGT
(72 & 74 Reserve)

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
_X_ To Other: 1974 Reserve $ 4,116.00

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1974 Bonds Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH898328.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995 A (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1995)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 19, 1995

CLOSING DATE: September 19, 1995

ISSUE AMOUNT: $ 585,000

RATE: 5.25%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: $NA

PAYING AGENT: _____

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS
COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department of Agriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:

| By: | | | |
|---|---|---|---|
| ____ Wire | ____ Accrued Interest: | $ | |
| ____ Wire | ____ Capitalized Interest: | $ | |
| X Check | X Reserve Account: | $ | 6,380.00 |
| X Check | X Reserve Account: | $ | 25,294.00 (on 7/12/07) |

REFUNDS & TRANSFERS BY MBC AT CLOSE

| By: | | | |
|---|---|---|---|
| _____ Wire | ____ To Escrow Trustee: | $ | |
| _____ Check | ____ To Issuer | $ | |
| X IGT | ____ To Cons. Invest. Fund | $ | |
| (Depreciation Reserve) | X To Other: Reserve | $ | 3,918.00 |

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1995 A Bonds Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH898328.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995 B (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1995)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 19, 1995

CLOSING DATE: September 19, 1995

ISSUE AMOUNT: $ 1,190,000

RATE: 4.5%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: NA

PAYING AGENT: _____

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department oAgriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:

| By: | | | |
|---|---|---|---|
| ____ Wire | ____ Accrued Interest: | $ | |
| X Check | ____ Capitalized Interest: | $ | |
| X Check | X Reserve Account: | $ 11,751.00 | |
| X Check | X Reserve Account: | $ 46,589.00 (on 7/12/07) | |

REFUNDS & TRANSFERS BY MBC AT CLOSE

| By: | | |
|---|---|---|
| ____ Wire | ____ To Escrow Trustee: | $ |
| ____ Check | ____ To Issuer | $ |
| X IGT | ____ To Cons. Invest. Fund | $ |
| (Depreciation Reserve) | X To Other: Reserve | $ 7,216.00 |

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1995 B Bonds Reserve Account

(SPECIMEN 1995 A BOND)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

WATER REVENUE BOND, SERIES 1995 A

$585,000

No. AR-1 Date: September 19, 1995

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS ($585,000), plus interest on the unpaid principal balance at the rate of 5.25% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,966.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of

West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower 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 1972 Bond, the 1974 Bond and the 1995 B Bond, all defined and described in said Resolution.

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 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.

PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

[CORPORATE SEAL]

_____
Chairman, Public Service Board

P. O. Box 322
Arthurdale, West Virginia 26520

ATTEST:

_____
Secretary, Public Service Board

## RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ | | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

TOTAL $_____

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(SPECIMEN 1995 B BOND)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

WATER REVENUE BOND, SERIES 1995 B

$1,190,000

No. BR-1 Date: September 19, 1995

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (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 MILLION ONE HUNDRED NINETY THOUSAND DOLLARS ($1,190,000), plus interest on the unpaid principal balance at the rate of 4.50% 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 $5,463.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of

West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower 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 1972 Bond, the 1974 Bond and the 1995 A Bond, all defined and described in said Resolution.

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 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.

PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

[CORPORATE SEAL]

_____
Chairman, Public Service Board

P. O. Box 322
Arthurdale, West Virginia 26520

ATTEST:

_____
Secretary, Public Service Board

## RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ | | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

TOTAL $_____

## ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

# PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

## WATER REVENUE BONDS, SERIES 2007 A
## (WEST VIRGINIA INFRASTRUCTURE FUND) AND
## WATER REVENUE BONDS, SERIES 2007 B
## (WEST VIRGINIA DWTRF PROGRAM)

## BOND RESOLUTION

### Table of Contents


**ARTICLE I**
**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01 Authority for this Resolution
Section 1.02 Findings
Section 1.03 Bond Legislation Constitutes Contract
Section 1.04 Definitions

**ARTICLE II**
**AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**

Section 2.01 Authorization of Acquisition and Construction of the Project

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

Section 3.01 Authorization of Bonds
Section 3.02 Terms of Bonds
Section 3.03 Execution of Bonds

Section 3.04 Authentication and Registration
Section 3.05 Negotiability, Transfer and Registration
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07 Bonds not to be Indebtedness of the Issuer
Section 3.08 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds
Section 3.09 Delivery of Bonds
Section 3.10 Form of Bonds
FORM OF SERIES 2007 A BOND
FORM OF SERIES 2007 B BOND
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12 Filing of Amended Schedule

## ARTICLE IV
**[RESERVED]**

## ARTICLE V
**FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF**

Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds

## ARTICLE VI
**BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS**

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Bond Construction Trust Funds

## ARTICLE VII
**ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position 7 with respect to Prior Bonds
Section 7.04 Initial Schedule of Rates and Charges
Section 7.05 Sale of the System

Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report
Section 7.11 Engineering Services and Operating Personnel
Section 7.12 No Competing Franchise
Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Connections
Section 7.17 Completion, Operation and Maintenance of Project; Permits and Orders
Section 7.18 Tax Covenants
Section 7.19 Statutory Mortgage Lien
Section 7.20 Compliance with Loan Agreement and Law
Section 7.21 Securities Laws Compliance
Section 7.22 Contracts; Public Releases

## ARTICLE VIII
### INVESTMENT OF FUNDS

Section 8.01 Investments
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds

## ARTICLE IX
### DEFAULT AND REMEDIES

Section 9.01 Events of Default
Section 9.02 Remedies
Section 9.03 Appointment of Receiver

## ARTICLE X
### PAYMENT OF BONDS

Section 10.01 Payment of Bonds

## ARTICLE XI
### MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation
Section 11.02 Bond Legislation Constitutes Contract
Section 11.03 Severability of Invalid Provisions
Section 11.04 Headings, Etc.
Section 11.05 Notices
Section 11.06 Conflicting Provisions Repealed; Prior Resolutions
Section 11.07 Covenant of Due Procedure, Etc.
Section 11.08 Public Notice of Proposed Financing
Section 11.09. Effective Date
SIGNATURES
CERTIFICATION
EXHIBIT A

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,391,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $806,838 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

## ARTICLE I

## STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Preston County Public Service District No. 1 (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Preston County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of construction of several extensions of the existing water distribution system to provide service to approximately 215 new households, including a new storage tank and two pump stations (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $2,198,138 in two series (collectively, the "Series 2007 Bonds"), being the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,391,300 (the "Series 2007 A Bonds"), and the Water Revenue Bonds, Series 2007 B(West Virginia DWTRF Program), in the aggregate principal amount of not more than $806,838 (the "Series 2007 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 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 2007 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 2007 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 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and its Series 2007 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1972, (United States Department of Agriculture) dated October 11, 1972, issued in the original aggregate principal amount of $213,000 (the "Series 1972 Bonds"), (ii) Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000 (the "Series 1974 Bonds"), (iii) Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the Series 1995 A Bonds); and (iv) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the Series 1995 B Bonds). The Series 1972 Bonds, the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds are hereinafter collectively called the "Prior Bonds."

Prior to the issuance of the Series 2007 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2007 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Bonds (as

hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds and the Series 2007 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2007 A Bonds and the Series 2007 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2007 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds, or any other agency, board or department of the State of

West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds and the Series 2007 B Bonds for all or a portion of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, from the Authority.

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

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

"Consulting Engineers" means GGJ, Inc., Eastlake, Ohio, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in

accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

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

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

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

"Grant" means all moneys received by the Issuer of any grant for the Project.

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

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

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

"Issuer" means Preston County Public Service District No. 1, a public service district, public corporation and political subdivision of the State of West Virginia, in Preston County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the respective Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2007 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2007 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2007 A Bonds and the Series 2007 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account, respectively. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

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

"Prior Bonds" means, collectively, the Issuer's Series 1972 Bonds, Series 1974 Bonds, Series 1995 A Bonds, and Series 1995 B Bonds, as more fully defined in Section 1.02G.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions as the Depreciation Reserve and renamed and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds.

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

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

"Series 1972 Bonds" means the Water Revenue Bonds, Series 1972, (United States Department of Agriculture) dated October 11, 1972, issued in the original aggregate principal amount of $213,000.

"Series 1974 Bonds" means Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000.

"Series 1995 A Bonds" means Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000.

"Series 1995 B Bonds" means Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000.

"Series 2007 Bonds" means collectively, the Series 2007 A Bonds and the Series 2007 B Bonds.

"Series 2007 A Bonds" means the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Resolution.

"Series 2007 A Bonds Construction Trust Fund" means the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2007 B Bonds" means the Water Revenue Bonds, Series 2007 B(West Virginia DWTRF Program) of the Issuer, authorized by this Resolution.

"Series 2007 B Bonds Construction Trust Fund" means the Series 2007 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 B Bonds Reserve Account" means the Series 2007 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 B Bonds in the then current or any succeeding year.

"Series 2007 B Bonds Sinking Fund" means the Series 2007 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2007 A Bonds and the Series 2007 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

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

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

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,600,838, 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 2007 A Bonds and the Series 2007 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated not to exceed $3,600,838, of which approximately $1,391,300 will be obtained from proceeds of the Series 2007 A Bonds, approximately $806,838 will be obtained from proceeds of the Series 2007 B Bonds and $1,402,700 will be obtained from a Small Cities Block Grant.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2007 A Bonds and the Series 2007 B Bonds, if any, funding reserve accounts for the Series 2007 A Bonds and the Series 2007 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2007 A Bonds and the Series 2007 B Bonds of the Issuer. The Series 2007 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,391,300, and "Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program)," in the principal amount of not more than $806,838, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds remaining after capitalizing interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, and funding the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 A Bonds and the Series 2007 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered

Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds . The Series 2007 A Bonds and the Series 2007 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds and the Series 2007 B Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds and the Series 2007 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2007 A Bond nor Series 2007 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 A Bond and the Series 2007 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2007 A Bonds and the Series 2007 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration . Subject to the provisions for transfer of registration set forth below, the Series 2007 A Bonds and the Series 2007 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds and the Series 2007 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2007 A Bonds and the Series 2007 B Bonds.

The registered Series 2007 A Bonds and the Series 2007 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2007 A Bonds and the Series 2007 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost . In case any Series 2007 A Bond or Series 2007 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer . The Series 2007 A Bonds and the Series 2007 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2007 A Bonds and the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of

the Issuer, if any, to pay the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2007 A Bonds and the Series 2007 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers;

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

(iv) An executed copy of the Loan Agreement;

(v) The unqualified approving opinion of bond counsel on the Series 2007 A Bonds and the Series 2007 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds and the Series 2007 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this day ____ of _____, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 1, a public service district, public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) fund the Series 2007 A Bonds Reserve Account; and (iii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any

further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2007 B BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and the Series 2007 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 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 2007 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 and the Series 2007 B Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including Prior Bonds and the Series 2007 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the

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

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

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2007 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing _____ 1, 200___, as set forth in the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 1, _____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing

public waterworks system of the Issuer (the "Project"); (ii) to fund the Series 2007 B Bonds Reserve Account; and (iii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2007 A BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS, AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2007 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an

indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2007 A Bonds and the Series 2007 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

## ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2007 A Bonds Construction Trust Fund; and

(4) Series 2007 B Bonds Construction Trust Fund.

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

(1) Series 1972 Bonds Sinking Fund (established by Prior Resolutions);

(2) Series 1972 Bonds Reserve Account (established by Prior Resolutions);

(3) Series 1974 Bonds Reserve Account (established by Prior Resolutions);

(4) Series 1995 A Bonds Reserve Account (established by Prior Resolutions);

(5) Series 1995 B Bonds Reserve Account (established by Prior Resolutions);

(6) Series 2007 A Bonds Sinking Fund;

(7) Series 2007 A Bonds Reserve Account;

(8) Series 2007 B Bonds Sinking Fund; and

(9) Series 2007 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amount required by Prior Resolution to pay interest on the Series 1972 Bonds; and (ii) remit to the National Finance Office, the amounts required by the Prior Resolutions to pay interest on the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds.

(3) The Issuer shall next, each month, simultaneously (i) on or before the due date, transfer from the Revenue Fund and remit to the Commission the amount required by Prior Resolution to pay principal on the Series 1972 Bonds; (ii) on or before the due date, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required by the Prior Resolutions to pay the principal of the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds; (iii) on the first day of each month, remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; and (iv) on the first day of each month, remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased

proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 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 2007 A Bonds Reserve Requirement; and (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, if not fully funded upon issuance of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 B Bonds Reserve Requirement.

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

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

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

Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, as the same shall come due, when other monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2007 A Bonds Reserve Account or the Series 2007 B Bonds Reserve Account which result in a reduction in the balance of the Series 2007 A Bonds Reserve Account or the Series 2007 B Bonds Reserve Account to below the Series 2007 A Bonds Reserve Requirement or the Series 2007 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Prior Bonds, Series 2007 A Bonds and the Series 2007 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the

Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2007 A Bonds and the Series 2007 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2007 B Bonds.

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

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

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2007 A Bonds Construction Trust Fund and the Series 2007 B Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds and the Series 2007 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 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 2007 A Bonds for the period commencing on the date of issuance of the Series 2007 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2007 B Bonds, there shall first be deposited with the Commission in the Series 2007 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 B Bonds for the period commencing on the date of issuance of the Series 2007 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. From the proceeds of the Series 2007 A Bonds, there shall next be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2007 A Bonds Reserve Account.

D. From the proceeds of the Series 2007 B Bonds, there shall next be deposited with the Commission in the Series 2007 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2007 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 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 2007 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2007 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2007 B Bonds shall be applied as directed by the BPH.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate, stating that:

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

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

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

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

The Issuer shall expend all proceeds of the Series 2007 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2007 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 B Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

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

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

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

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

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

Pending such application, monies in the respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds and the Series 2007 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2007 A Bonds or the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2007 A Bonds or the Series 2007 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and ChargesThe Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia dated December 19, 2006 which became the Final Order on January 8, 2007 and the Commission Order dated June 15, 2007, in Case No.05-1602-PWD-CN.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2007 A Bonds and the Series 2007 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority, the BPH, and the Council, or, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds. Any balance remaining after the payment of the Series 2007 A Bonds and the Series 2007 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other

dispositions of such properties, shall be in excess of $10,000, but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2007 A Bonds and the Series 2007 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2007 A Bonds and the Series 2007 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 A Bonds and the Series 2007 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2007 A Bonds and the Series 2007 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the BPH and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 A Bonds and the Series 2007 B Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Prior Bonds are no longer outstanding the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent

Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2007 A Bonds and the Series 2007 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2007 A Bonds and the Series 2007 B Bonds.

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

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

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

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

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

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

The Issuer shall file with the Council, the BPH, the Authority, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds and the Consulting Engineer, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds. Such audit report submitted to the Authority, the Council and the BPH shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2007 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

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

completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the Issuer when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2007 A Bonds and the Series 2007 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

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

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

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2007 A Bonds and the Series 2007 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 A Bonds and the Series 2007 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

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

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

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

Section 7.22. Contracts; Public Releases . A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds and the Series 2007 B Bonds or

immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the BPH for written approval. The Issuer shall obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

## INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 A Bonds and the Series 2007 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 Bonds as a condition to issuance of the Series 2007 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 2007 Bonds as may be necessary in order to maintain the status of the Series 2007 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2007 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the BPH, as the case may be, from which the proceeds of the Series 2007 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 2007 Bonds and any additional information requested by the Authority.

## ARTICLE IX

## DEFAULT AND REMEDIES

Section 9.01. Events of Default Each of the following events shall constitute an "Event of Default" with respect to the Series 2007 A Bonds and the Series 2007 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2007 A Bonds and the Series 2007 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 A Bonds and the Series 2007 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds and the Series 2007 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2007 A Bonds and the Series 2007 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2007 A Bonds and the Series 2007 B Bonds,

or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2007 A Bonds and the Series 2007 B Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2007 A Bonds and the Series 2007 B Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such

other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

Section 10.01. Payment of Bonds . If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation . Prior to issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2007 A Bonds and the Series 2007 B Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2007 A Bonds and the Series 2007 B Bonds.

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

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

ISSUER:

Preston County Public Service District No. 1
Post Office Box 322
Arthurdale, West Virginia 26547
Attention: Chairman

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

BPH:

West Virginia Bureau for Public Health
Capitol & Washington Streets
One Davis Square, Suite 200
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Director

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

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

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

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

[Remainder of Page Intentionally Blank]

Adopted this 26th day of June, 2007.

Randolph W. DeBruin
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 on the 26th day of June, 2007.

Dated: July 12, 2007.

[SEAL]

Joyce J. Taylor
Secretary

05/11/06
723860.00001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Preston County Public Service District No. 1 (the "Issuer") has duly and officially adopted a bond resolution, on June 26, 2007 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,391,300 IN AGGREGATE

PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $806,838 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2007 A Bonds" and the "Series 2007 B Bonds"), in the respective aggregate principal amounts not to exceed $1,391,300 and $806,838, and has authorized the execution and delivery of the loan agreement relating to the Series 2007 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the loan agreement relating to the Series 2007 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreements" and individually, the "Series 2007 A Loan Agreement" and the "Series 2007 B Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,391,300. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2047, and shall bear no interest. The principal of the Series 2007 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, and to and including June 1, 2047, and in the amounts as set forth in the "Schedule Y" attached to the Series 2007 A Loan Agreement and incorporated in and made a part of the Series 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2007 A Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds.

B. Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $806,838. The Series 2007 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2038, and shall bear no interest. The principal of the Series 2007 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, and to and including December 1, 2038, and in the amounts as set forth in the "Schedule Y" attached to the Series 2007 B

Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds. The Series 2007 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2007 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2007 B Bonds set forth in the "Schedule Y" attached to the Series 2007 B Loan Agreement.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate Branch Banking & Trust Company, Fairmont, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2007 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Sinking Fund as capitalized interest.

Section 9. Series 2007 A Bonds proceeds in the amount of $36,140 shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 10. Series 2007 B Bonds proceeds in the amount of $26,896 shall be deposited in the Series 2007 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about July 12, 2007.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Section 18. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

[Remainder of Page Intentionally Left Blank]

Adopted this 26th day of June, 2007.

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: Randolph W. DeBiase
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 on the 26th day of June, 2007.

Dated: July 12, 2007.

[SEAL]

Secretary

06.20.07
723810.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,391,300

KNOW ALL MEN BY THESE PRESENTS: That on this day 12th of July, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 1, a public service district, public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION THREE HUNDRED NINETY-ONE THOUSAND THREE HUNDRED DOLLARS ($1,391,300), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 12, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) to fund the Series 2007 A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions,

additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 26, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED JULY 12, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $806,838 (THE "SERIES 2007 B BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and the Series 2007 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 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 2007 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 and the Series 2007 B Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Chairman

ATTEST:

Secretary

SPECIMEN

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 12, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $159,291 | July 12, 2007 | (19) | $ | |
| (2) | $ | | (20) | $ | |
| (3) | $ | | (21) | $ | |
| (4) | $ | | (22) | $ | |
| (5) | $ | | (23) | $ | |
| (6) | $ | | (24) | $ | |
| (7) | $ | | (25) | $ | |
| (8) | $ | | (26) | $ | |
| (9) | $ | | (27) | $ | |
| (10) | $ | | (28) | $ | |
| (11) | $ | | (29) | $ | |
| (12) | $ | | (30) | $ | |
| (13) | $ | | (31) | $ | |
| (14) | $ | | (32) | $ | |
| (15) | $ | | (33) | $ | |
| (16) | $ | | (34) | $ | |
| (17) | $ | | (35) | $ | |
| (18) | $ | | (36) | $ | |

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

**$1,391,300**
**Preston County Public Service District**
**0% Interest Rate; 40 Years from Closing Date**
**Closing Date: July 12, 2007**

## Debt Service Schedule



| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2007 | - | - | - |
| 12/01/2007 | - | - | - |
| 03/01/2008 | - | - | - |
| 06/01/2008 | - | - | - |
| 09/01/2008 | - | - | - |
| 12/01/2008 | - | - | - |
| 03/01/2009 | 9,035.00 | - | 9,035.00 |
| 06/01/2009 | 9,035.00 | - | 9,035.00 |
| 09/01/2009 | 9,035.00 | - | 9,035.00 |
| 12/01/2009 | 9,035.00 | - | 9,035.00 |
| 03/01/2010 | 9,035.00 | - | 9,035.00 |
| 06/01/2010 | 9,035.00 | - | 9,035.00 |
| 09/01/2010 | 9,035.00 | - | 9,035.00 |
| 12/01/2010 | 9,035.00 | - | 9,035.00 |
| 03/01/2011 | 9,035.00 | - | 9,035.00 |
| 06/01/2011 | 9,035.00 | - | 9,035.00 |
| 09/01/2011 | 9,035.00 | - | 9,035.00 |
| 12/01/2011 | 9,035.00 | - | 9,035.00 |
| 03/01/2012 | 9,035.00 | - | 9,035.00 |
| 06/01/2012 | 9,035.00 | - | 9,035.00 |
| 09/01/2012 | 9,035.00 | - | 9,035.00 |
| 12/01/2012 | 9,035.00 | - | 9,035.00 |
| 03/01/2013 | 9,035.00 | - | 9,035.00 |
| 06/01/2013 | 9,035.00 | - | 9,035.00 |
| 09/01/2013 | 9,035.00 | - | 9,035.00 |
| 12/01/2013 | 9,035.00 | - | 9,035.00 |
| 03/01/2014 | 9,035.00 | - | 9,035.00 |
| 06/01/2014 | 9,035.00 | - | 9,035.00 |
| 09/01/2014 | 9,035.00 | - | 9,035.00 |
| 12/01/2014 | 9,035.00 | - | 9,035.00 |
| 03/01/2015 | 9,035.00 | - | 9,035.00 |
| 06/01/2015 | 9,035.00 | - | 9,035.00 |
| 09/01/2015 | 9,035.00 | - | 9,035.00 |
| 12/01/2015 | 9,035.00 | - | 9,035.00 |
| 03/01/2016 | 9,035.00 | - | 9,035.00 |
| 06/01/2016 | 9,035.00 | - | 9,035.00 |
| 09/01/2016 | 9,035.00 | - | 9,035.00 |
| 12/01/2016 | 9,035.00 | - | 9,035.00 |
| 03/01/2017 | 9,035.00 | - | 9,035.00 |
| 06/01/2017 | 9,035.00 | - | 9,035.00 |
| 09/01/2017 | 9,035.00 | - | 9,035.00 |
| 12/01/2017 | 9,035.00 | - | 9,035.00 |
| 03/01/2018 | 9,035.00 | - | 9,035.00 |
| 06/01/2018 | 9,035.00 | - | 9,035.00 |

**$1,391,300**
**Preston County Public Service District**
**0% Interest Rate; 40 Years from Closing Date**
**Closing Date: July 12, 2007**

## Debt Service Schedule



| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2018 | 9,035.00 | - | 9,035.00 |
| 12/01/2018 | 9,035.00 | - | 9,035.00 |
| 03/01/2019 | 9,035.00 | - | 9,035.00 |
| 06/01/2019 | 9,035.00 | - | 9,035.00 |
| 09/01/2019 | 9,035.00 | - | 9,035.00 |
| 12/01/2019 | 9,035.00 | - | 9,035.00 |
| 03/01/2020 | 9,035.00 | - | 9,035.00 |
| 06/01/2020 | 9,035.00 | - | 9,035.00 |
| 09/01/2020 | 9,035.00 | - | 9,035.00 |
| 12/01/2020 | 9,035.00 | - | 9,035.00 |
| 03/01/2021 | 9,035.00 | - | 9,035.00 |
| 06/01/2021 | 9,035.00 | - | 9,035.00 |
| 09/01/2021 | 9,035.00 | - | 9,035.00 |
| 12/01/2021 | 9,035.00 | - | 9,035.00 |
| 03/01/2022 | 9,035.00 | - | 9,035.00 |
| 06/01/2022 | 9,035.00 | - | 9,035.00 |
| 09/01/2022 | 9,035.00 | - | 9,035.00 |
| 12/01/2022 | 9,035.00 | - | 9,035.00 |
| 03/01/2023 | 9,035.00 | - | 9,035.00 |
| 06/01/2023 | 9,035.00 | - | 9,035.00 |
| 09/01/2023 | 9,035.00 | - | 9,035.00 |
| 12/01/2023 | 9,035.00 | - | 9,035.00 |
| 03/01/2024 | 9,035.00 | - | 9,035.00 |
| 06/01/2024 | 9,035.00 | - | 9,035.00 |
| 09/01/2024 | 9,035.00 | - | 9,035.00 |
| 12/01/2024 | 9,035.00 | - | 9,035.00 |
| 03/01/2025 | 9,034.00 | - | 9,034.00 |
| 06/01/2025 | 9,034.00 | - | 9,034.00 |
| 09/01/2025 | 9,034.00 | - | 9,034.00 |
| 12/01/2025 | 9,034.00 | - | 9,034.00 |
| 03/01/2026 | 9,034.00 | - | 9,034.00 |
| 06/01/2026 | 9,034.00 | - | 9,034.00 |
| 09/01/2026 | 9,034.00 | - | 9,034.00 |
| 12/01/2026 | 9,034.00 | - | 9,034.00 |
| 03/01/2027 | 9,034.00 | - | 9,034.00 |
| 06/01/2027 | 9,034.00 | - | 9,034.00 |
| 09/01/2027 | 9,034.00 | - | 9,034.00 |
| 12/01/2027 | 9,034.00 | - | 9,034.00 |
| 03/01/2028 | 9,034.00 | - | 9,034.00 |
| 06/01/2028 | 9,034.00 | - | 9,034.00 |
| 09/01/2028 | 9,034.00 | - | 9,034.00 |
| 12/01/2028 | 9,034.00 | - | 9,034.00 |
| 03/01/2029 | 9,034.00 | - | 9,034.00 |
| 06/01/2029 | 9,034.00 | - | 9,034.00 |

**$1,391,300**
**Preston County Public Service District**
**0% Interest Rate; 40 Years from Closing Date**
**Closing Date: July 12, 2007**

## Debt Service Schedule



| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2029 | 9,034.00 | - | 9,034.00 |
| 12/01/2029 | 9,034.00 | - | 9,034.00 |
| 03/01/2030 | 9,034.00 | - | 9,034.00 |
| 06/01/2030 | 9,034.00 | - | 9,034.00 |
| 09/01/2030 | 9,034.00 | - | 9,034.00 |
| 12/01/2030 | 9,034.00 | - | 9,034.00 |
| 03/01/2031 | 9,034.00 | - | 9,034.00 |
| 06/01/2031 | 9,034.00 | - | 9,034.00 |
| 09/01/2031 | 9,034.00 | - | 9,034.00 |
| 12/01/2031 | 9,034.00 | - | 9,034.00 |
| 03/01/2032 | 9,034.00 | - | 9,034.00 |
| 06/01/2032 | 9,034.00 | - | 9,034.00 |
| 09/01/2032 | 9,034.00 | - | 9,034.00 |
| 12/01/2032 | 9,034.00 | - | 9,034.00 |
| 03/01/2033 | 9,034.00 | - | 9,034.00 |
| 06/01/2033 | 9,034.00 | - | 9,034.00 |
| 09/01/2033 | 9,034.00 | - | 9,034.00 |
| 12/01/2033 | 9,034.00 | - | 9,034.00 |
| 03/01/2034 | 9,034.00 | - | 9,034.00 |
| 06/01/2034 | 9,034.00 | - | 9,034.00 |
| 09/01/2034 | 9,034.00 | - | 9,034.00 |
| 12/01/2034 | 9,034.00 | - | 9,034.00 |
| 03/01/2035 | 9,034.00 | - | 9,034.00 |
| 06/01/2035 | 9,034.00 | - | 9,034.00 |
| 09/01/2035 | 9,034.00 | - | 9,034.00 |
| 12/01/2035 | 9,034.00 | - | 9,034.00 |
| 03/01/2036 | 9,034.00 | - | 9,034.00 |
| 06/01/2036 | 9,034.00 | - | 9,034.00 |
| 09/01/2036 | 9,034.00 | - | 9,034.00 |
| 12/01/2036 | 9,034.00 | - | 9,034.00 |
| 03/01/2037 | 9,034.00 | - | 9,034.00 |
| 06/01/2037 | 9,034.00 | - | 9,034.00 |
| 09/01/2037 | 9,034.00 | - | 9,034.00 |
| 12/01/2037 | 9,034.00 | - | 9,034.00 |
| 03/01/2038 | 9,034.00 | - | 9,034.00 |
| 06/01/2038 | 9,034.00 | - | 9,034.00 |
| 09/01/2038 | 9,034.00 | - | 9,034.00 |
| 12/01/2038 | 9,034.00 | - | 9,034.00 |
| 03/01/2039 | 9,034.00 | - | 9,034.00 |
| 06/01/2039 | 9,034.00 | - | 9,034.00 |
| 09/01/2039 | 9,034.00 | - | 9,034.00 |
| 12/01/2039 | 9,034.00 | - | 9,034.00 |
| 03/01/2040 | 9,034.00 | - | 9,034.00 |
| 06/01/2040 | 9,034.00 | - | 9,034.00 |

**$1,391,300**
**Preston County Public Service District**
**0% Interest Rate; 40 Years from Closing Date**
**Closing Date: July 12, 2007**

## Debt Service Schedule



| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2040 | 9,034.00 | - | 9,034.00 |
| 12/01/2040 | 9,034.00 | - | 9,034.00 |
| 03/01/2041 | 9,034.00 | - | 9,034.00 |
| 06/01/2041 | 9,034.00 | - | 9,034.00 |
| 09/01/2041 | 9,034.00 | - | 9,034.00 |
| 12/01/2041 | 9,034.00 | - | 9,034.00 |
| 03/01/2042 | 9,034.00 | - | 9,034.00 |
| 06/01/2042 | 9,034.00 | - | 9,034.00 |
| 09/01/2042 | 9,034.00 | - | 9,034.00 |
| 12/01/2042 | 9,034.00 | - | 9,034.00 |
| 03/01/2043 | 9,034.00 | - | 9,034.00 |
| 06/01/2043 | 9,034.00 | - | 9,034.00 |
| 09/01/2043 | 9,034.00 | - | 9,034.00 |
| 12/01/2043 | 9,034.00 | - | 9,034.00 |
| 03/01/2044 | 9,034.00 | - | 9,034.00 |
| 06/01/2044 | 9,034.00 | - | 9,034.00 |
| 09/01/2044 | 9,034.00 | - | 9,034.00 |
| 12/01/2044 | 9,034.00 | - | 9,034.00 |
| 03/01/2045 | 9,034.00 | - | 9,034.00 |
| 06/01/2045 | 9,034.00 | - | 9,034.00 |
| 09/01/2045 | 9,034.00 | - | 9,034.00 |
| 12/01/2045 | 9,034.00 | - | 9,034.00 |
| 03/01/2046 | 9,034.00 | - | 9,034.00 |
| 06/01/2046 | 9,034.00 | - | 9,034.00 |
| 09/01/2046 | 9,034.00 | - | 9,034.00 |
| 12/01/2046 | 9,034.00 | - | 9,034.00 |
| 03/01/2047 | 9,034.00 | - | 9,034.00 |
| 06/01/2047 | 9,034.00 | - | 9,034.00 |
| **Total** | **$1,391,300.00** | **-** | **$1,391,300.00** |

### Yield Statistics

| | |
|---|---|
| Bond Year Dollars | $28,884.21 |
| Average Life | 20.761 Years |
| Average Coupon | - |
| Net Interest Cost (NIC) | - |
| True Interest Cost (TIC) | 1.20E-10 |
| Bond Yield for Arbitrage Purposes | 1.20E-10 |
| All Inclusive Cost (AIC) | 1.20E-10 |

### IRS Form 8038

| | |
|---|---|
| Net Interest Cost | - |
| Weighted Average Maturity | 20.761 Years |

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $806,838

KNOW ALL MEN BY THESE PRESENTS: That on this 12th day of July, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of EIGHT HUNDRED AND SIX THOUSAND EIGHT HUNDRED AND THIRTY EIGHT DOLLARS ($806,838), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2009, as set forth in the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated July 12, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing

public waterworks system of the Issuer (the "Project"); (ii) to fund the Series 2007 B Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 26, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 12, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,391,300 (THE "SERIES 2007 A BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS, AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2007 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or

limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Chairman

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 12, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $26,896 | July 12, 2007 | (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

**$806,838**
**Preston County Public Service District**
**0% Interest Rate; 1.0% Administrative Fee; 30 Years**
**Closing Date: July 12, 2007**

## Debt Service Schedule

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2007 | - | - | - |
| 12/01/2007 | - | - | - |
| 03/01/2008 | - | - | - |
| 06/01/2008 | - | - | - |
| 09/01/2008 | - | - | - |
| 12/01/2008 | - | - | - |
| 03/01/2009 | 6,724.00 | - | 6,724.00 |
| 06/01/2009 | 6,724.00 | - | 6,724.00 |
| 09/01/2009 | 6,724.00 | - | 6,724.00 |
| 12/01/2009 | 6,724.00 | - | 6,724.00 |
| 03/01/2010 | 6,724.00 | - | 6,724.00 |
| 06/01/2010 | 6,724.00 | - | 6,724.00 |
| 09/01/2010 | 6,724.00 | - | 6,724.00 |
| 12/01/2010 | 6,724.00 | - | 6,724.00 |
| 03/01/2011 | 6,724.00 | - | 6,724.00 |
| 06/01/2011 | 6,724.00 | - | 6,724.00 |
| 09/01/2011 | 6,724.00 | - | 6,724.00 |
| 12/01/2011 | 6,724.00 | - | 6,724.00 |
| 03/01/2012 | 6,724.00 | - | 6,724.00 |
| 06/01/2012 | 6,724.00 | - | 6,724.00 |
| 09/01/2012 | 6,724.00 | - | 6,724.00 |
| 12/01/2012 | 6,724.00 | - | 6,724.00 |
| 03/01/2013 | 6,724.00 | - | 6,724.00 |
| 06/01/2013 | 6,724.00 | - | 6,724.00 |
| 09/01/2013 | 6,724.00 | - | 6,724.00 |
| 12/01/2013 | 6,724.00 | - | 6,724.00 |
| 03/01/2014 | 6,724.00 | - | 6,724.00 |
| 06/01/2014 | 6,724.00 | - | 6,724.00 |
| 09/01/2014 | 6,724.00 | - | 6,724.00 |
| 12/01/2014 | 6,724.00 | - | 6,724.00 |
| 03/01/2015 | 6,724.00 | - | 6,724.00 |
| 06/01/2015 | 6,724.00 | - | 6,724.00 |
| 09/01/2015 | 6,724.00 | - | 6,724.00 |
| 12/01/2015 | 6,724.00 | - | 6,724.00 |
| 03/01/2016 | 6,724.00 | - | 6,724.00 |
| 06/01/2016 | 6,724.00 | - | 6,724.00 |
| 09/01/2016 | 6,724.00 | - | 6,724.00 |
| 12/01/2016 | 6,724.00 | - | 6,724.00 |
| 03/01/2017 | 6,724.00 | - | 6,724.00 |
| 06/01/2017 | 6,724.00 | - | 6,724.00 |
| 09/01/2017 | 6,724.00 | - | 6,724.00 |
| 12/01/2017 | 6,724.00 | - | 6,724.00 |
| 03/01/2018 | 6,724.00 | - | 6,724.00 |
| 06/01/2018 | 6,724.00 | - | 6,724.00 |

**$806,838**
**Preston County Public Service District**
**0% Interest Rate; 1.0% Administrative Fee; 30 Years**
**Closing Date: July 12, 2007**

## Debt Service Schedule

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2018 | 6,724.00 | - | 6,724.00 |
| 12/01/2018 | 6,724.00 | - | 6,724.00 |
| 03/01/2019 | 6,724.00 | - | 6,724.00 |
| 06/01/2019 | 6,724.00 | - | 6,724.00 |
| 09/01/2019 | 6,724.00 | - | 6,724.00 |
| 12/01/2019 | 6,724.00 | - | 6,724.00 |
| 03/01/2020 | 6,724.00 | - | 6,724.00 |
| 06/01/2020 | 6,724.00 | - | 6,724.00 |
| 09/01/2020 | 6,724.00 | - | 6,724.00 |
| 12/01/2020 | 6,724.00 | - | 6,724.00 |
| 03/01/2021 | 6,724.00 | - | 6,724.00 |
| 06/01/2021 | 6,724.00 | - | 6,724.00 |
| 09/01/2021 | 6,724.00 | - | 6,724.00 |
| 12/01/2021 | 6,724.00 | - | 6,724.00 |
| 03/01/2022 | 6,724.00 | - | 6,724.00 |
| 06/01/2022 | 6,724.00 | - | 6,724.00 |
| 09/01/2022 | 6,724.00 | - | 6,724.00 |
| 12/01/2022 | 6,724.00 | - | 6,724.00 |
| 03/01/2023 | 6,724.00 | - | 6,724.00 |
| 06/01/2023 | 6,724.00 | - | 6,724.00 |
| 09/01/2023 | 6,724.00 | - | 6,724.00 |
| 12/01/2023 | 6,724.00 | - | 6,724.00 |
| 03/01/2024 | 6,724.00 | - | 6,724.00 |
| 06/01/2024 | 6,724.00 | - | 6,724.00 |
| 09/01/2024 | 6,724.00 | - | 6,724.00 |
| 12/01/2024 | 6,724.00 | - | 6,724.00 |
| 03/01/2025 | 6,724.00 | - | 6,724.00 |
| 06/01/2025 | 6,724.00 | - | 6,724.00 |
| 09/01/2025 | 6,724.00 | - | 6,724.00 |
| 12/01/2025 | 6,724.00 | - | 6,724.00 |
| 03/01/2026 | 6,724.00 | - | 6,724.00 |
| 06/01/2026 | 6,724.00 | - | 6,724.00 |
| 09/01/2026 | 6,724.00 | - | 6,724.00 |
| 12/01/2026 | 6,724.00 | - | 6,724.00 |
| 03/01/2027 | 6,724.00 | - | 6,724.00 |
| 06/01/2027 | 6,724.00 | - | 6,724.00 |
| 09/01/2027 | 6,724.00 | - | 6,724.00 |
| 12/01/2027 | 6,724.00 | - | 6,724.00 |
| 03/01/2028 | 6,724.00 | - | 6,724.00 |
| 06/01/2028 | 6,724.00 | - | 6,724.00 |
| 09/01/2028 | 6,723.00 | - | 6,723.00 |
| 12/01/2028 | 6,723.00 | - | 6,723.00 |
| 03/01/2029 | 6,723.00 | - | 6,723.00 |
| 06/01/2029 | 6,723.00 | - | 6,723.00 |

**$806,838**
**Preston County Public Service District**
**0% Interest Rate; 1.0% Administrative Fee; 30 Years**
**Closing Date: July 12, 2007**

## Debt Service Schedule

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 09/01/2029 | 6,723.00 | - | 6,723.00 |
| 12/01/2029 | 6,723.00 | - | 6,723.00 |
| 03/01/2030 | 6,723.00 | - | 6,723.00 |
| 06/01/2030 | 6,723.00 | - | 6,723.00 |
| 09/01/2030 | 6,723.00 | - | 6,723.00 |
| 12/01/2030 | 6,723.00 | - | 6,723.00 |
| 03/01/2031 | 6,723.00 | - | 6,723.00 |
| 06/01/2031 | 6,723.00 | - | 6,723.00 |
| 09/01/2031 | 6,723.00 | - | 6,723.00 |
| 12/01/2031 | 6,723.00 | - | 6,723.00 |
| 03/01/2032 | 6,723.00 | - | 6,723.00 |
| 06/01/2032 | 6,723.00 | - | 6,723.00 |
| 09/01/2032 | 6,723.00 | - | 6,723.00 |
| 12/01/2032 | 6,723.00 | - | 6,723.00 |
| 03/01/2033 | 6,723.00 | - | 6,723.00 |
| 06/01/2033 | 6,723.00 | - | 6,723.00 |
| 09/01/2033 | 6,723.00 | - | 6,723.00 |
| 12/01/2033 | 6,723.00 | - | 6,723.00 |
| 03/01/2034 | 6,723.00 | - | 6,723.00 |
| 06/01/2034 | 6,723.00 | - | 6,723.00 |
| 09/01/2034 | 6,723.00 | - | 6,723.00 |
| 12/01/2034 | 6,723.00 | - | 6,723.00 |
| 03/01/2035 | 6,723.00 | - | 6,723.00 |
| 06/01/2035 | 6,723.00 | - | 6,723.00 |
| 09/01/2035 | 6,723.00 | - | 6,723.00 |
| 12/01/2035 | 6,723.00 | - | 6,723.00 |
| 03/01/2036 | 6,723.00 | - | 6,723.00 |
| 06/01/2036 | 6,723.00 | - | 6,723.00 |
| 09/01/2036 | 6,723.00 | - | 6,723.00 |
| 12/01/2036 | 6,723.00 | - | 6,723.00 |
| 03/01/2037 | 6,723.00 | - | 6,723.00 |
| 06/01/2037 | 6,723.00 | - | 6,723.00 |
| 09/01/2037 | 6,723.00 | - | 6,723.00 |
| 12/01/2037 | 6,723.00 | - | 6,723.00 |
| 03/01/2038 | 6,723.00 | - | 6,723.00 |
| 06/01/2038 | 6,723.00 | - | 6,723.00 |
| 09/01/2038 | 6,723.00 | - | 6,723.00 |
| 12/01/2038 | 6,723.00 | - | 6,723.00 |
| **Total** | **$806,838.00** | - | **$806,838.00** * |

*Plus $1,016.93 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $122,031.60

File | Preston County PSD Loans.sf | DWTRF 6-12-07 | 6/18/2007 | 10:24 AM

**$806,838**
**Preston County Public Service District**
**0% Interest Rate; 1.0% Administrative Fee; 30 Years**
**Closing Date: July 12, 2007**

## Debt Service Schedule



| Yield Statistics | |
|---|---|
| Bond Year Dollars | $13,321.38 |
| Average Life | 16.511 Years |
| Average Coupon | - |
| Net Interest Cost (NIC) | - |
| True Interest Cost (TIC) | 5.35E-12 |
| Bond Yield for Arbitrage Purposes | 5.35E-12 |
| All Inclusive Cost (AIC) | 0.9094520% |
| **IRS Form 8038** | |
| Net Interest Cost | - |
| Weighted Average Maturity | 16.511 Years |

File | Preston County PSD Loans.sf | DWTRF 6-12-07 | 6/18/2007 | 10:24 AM

**Ferris, Baker Watts, Incorporated**
**West Virginia Public Finance (Joseph E. Nassif, Investment Banker)**

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____