

**PUTNAM PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)**

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**PUTNAM PUBLIC SERVICE DISTRICT**  
**WATER REVENUE BONDS, SERIES 2009 A**  
**(WEST VIRGINIA DWTRF PROGRAM); AND**  
**WATER REVENUE BONDS, SERIES 2009 B**  
**(WEST VIRGINIA DWTRF PROGRAM/ARRA)**

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**FILTER D PROJECT**

**PUTNAM PUBLIC SERVICE DISTRICT**

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$627,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA); 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 ARRA ASSISTANCE 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 PUTNAM PUBLIC SERVICE DISTRICT :

**ARTICLE I**

**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 16, Article 13C 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. Putnam Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Putnam 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 the upgrade and renovation of the Issuer's water treatment plant, specifically replacing water filter, Filter A and replace filter media in another filter (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 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 \$727,000 in two series (collectively, the "Series 2009 Bonds"), being the Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than \$627,000 (the "Series 2009 A Bonds"), and the Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), in the aggregate principal amount of not more than \$100,000 (the "Series 2009 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 2009 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, including the Administrative Fee, if any, (as hereafter defined); discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 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 2009 Bonds or the repayment of

indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 22 years.

F. It is in the best interests of the Issuer that its Series 2009 Bonds be sold to the Authority pursuant to the terms and provisions of an ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), in form satisfactory to the respective parties (the "ARRA Assistance 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 2009 Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000 (the "Series 1999 A Bonds"), (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000 (the "Series 1999 B Bonds"), (iii) Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000 (the "Series 2004 A Notes"), (iv) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000 (the "Series 2006 A Bonds"), and (v) Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000 (the "Series 2008 A Bonds") (collectively the "Prior Bonds").

Prior to the issuance of the Series 2009 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 2009 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 Resolution, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the ARRA Assistance Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2009 A Bonds and the Series 2009 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 West Virginia Infrastructure and Jobs Development 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 2009 A Bonds and the Series 2009 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 West Virginia Infrastructure and Jobs Development 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 16, Article 13C 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, if any, to be paid pursuant to the ARRA Assistance Agreement for the Series 2009 Bonds.

~~"ARRA Assistance Agreement" means, collectively, the respective ARRA Assistance Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2009 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 2009 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.~~

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2009 A Bonds and the Series 2009 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 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 2009 A Bonds, the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds for all or a portion of the proceeds of the Series 2009 A Bonds and the Series 2009 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 Bell Engineering, Lexington, Kentucky, 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.

"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 Putnam Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Putnam

County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 A Bonds and the Series 2009 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2009 A Bonds Reserve Account and the Series 2009 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 2009 A Bonds and the Series 2009 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 Series 1999 A Bonds, Series 1999 B Bonds, Series 2004 A Notes, Series 2006 A Bonds and Series 2008 A Bonds.

"Prior Resolution" 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 Resolution as the Depreciation Reserve and renamed and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2009 A Bonds, the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds.

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

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

"Series 1999 A Bonds" means the Issuer's Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000.

"Series 1999 B Bonds" means the Issuer's Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000.

"Series 2004 A Notes" means the Issuer's Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000.

"Series 2006 A Bonds" means the Issuer's Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000.

"Series 2008 A Bonds" means the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000.

"Series 2009 Bonds" means collectively, the Series 2009 A Bonds and the Series 2009 B Bonds.

"Series 2009 A Bonds" means the Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program) of the Issuer, authorized by this Resolution.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 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 2009 A Bonds in the then current or any succeeding year.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2009 B Bonds" means the Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA) of the Issuer, authorized by this Resolution.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 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 2009 B Bonds in the then current or any succeeding year.

"Series 2009 B Bonds Sinking Fund" means the Series 2009 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2009 Bonds Construction Trust Fund" means the Series 2009 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 A Bonds, the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds, the Series 2009 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.

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 \$730,350, 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 2009 A Bonds and the Series 2009 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 and the BPH.

The cost of the Project is estimated not to exceed \$730,350, of which approximately \$627,000 will be obtained from proceeds of the Series 2009 A Bonds, approximately \$100,000 will be obtained from proceeds of the Series 2009 B Bonds, and \$3,350 will be obtained from the Issuer.

## **ARTICLE III**

### **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT**

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2009 A Bonds and the Series 2009 B Bonds, if any, funding reserve accounts for the Series 2009 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds of the Issuer. The Series 2009 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program)," in the principal amount of not more than \$627,000, and "Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA)," in the principal amount of not more than \$100,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds remaining after capitalizing interest, if

any, on the Series 2009 A Bonds and the Series 2009 B Bonds, and funding the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be deposited in or credited to the Series 2009 Bonds 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 2009 A Bonds and the Series 2009 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 ARRA Assistance Agreement. The Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds. The Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds shall cease to be such officer of the Issuer before the Series 2009 A Bonds and the Series 2009 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 2009 A Bond nor Series 2009 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 2009 A Bond and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds.

The registered Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bond or Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds to the original purchasers;
- (iii) An executed and certified copy of the Bond Legislation;
- (iv) An executed copy of the ARRA Assistance Agreement; and
- (v) The unqualified approving opinion of bond counsel on the Series 2009 A Bonds and the Series 2009 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 A Bonds and the Series 2009 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 2009 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2009 A  
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$627,000

KNOW ALL MEN BY THESE PRESENTS: That on this \_\_\_\_ day of \_\_\_\_\_, 2009, PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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\_\_\_\_, 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 payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_\_, to and including \_\_\_\_\_ 1, 20\_\_\_\_, at the rate of 2% per annum as set forth on said EXHIBIT B.

The Series 2009 A Bonds are not subject to the DWTRF Administrative Fee.

Principal and interest 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 15<sup>th</sup> day of the month next preceding an interest payment date, or by 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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and

otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated \_\_\_\_\_, 2009.

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"); and (ii) to pay 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 \_\_\_\_\_, 2009, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2009 (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 (I) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000, (II) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000, (III) WATER REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000, (IV) WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,190,000, (V) WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,436,000 (COLLECTIVELY THE "PRIOR BONDS"); AND WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED \_\_\_\_\_, 2009, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_.

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 2009 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2009 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 2009 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 2009 B Bonds; provided however, that so long as there exists in the Series 2009 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 2009 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, PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: \_\_\_\_\_, 2009.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

\_\_\_\_\_

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF SERIES 2009 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2009 B  
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

No. BR-1

\$100,000

KNOW ALL MEN BY THESE PRESENTS: That on this \_\_\_\_ day of \_\_\_\_\_, 2009, PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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\_\_\_\_, 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 payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_\_, to and including \_\_\_\_\_ 1, 20\_\_\_\_, at the rate of 2% per annum as set forth on said EXHIBIT B.

The Series 2009 B Bonds are not subject to the DWTRF Administrative Fee.

Principal and interest 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 15<sup>th</sup> day of the month next preceding an interest payment date, or by 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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and

otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated \_\_\_\_\_, 2009.

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"); and (ii) 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 \_\_\_\_\_, 2009, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2009 (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 (I) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000, (II) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000, (III) WATER REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000, (IV) WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,190,000, (V) WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,436,000 (COLLECTIVELY THE "PRIOR BONDS"); AND WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM), DATED \_\_\_\_\_, 2009, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_.

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 2009 A Bonds, 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 2009 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 2009 A Bonds; provided however, that so long as there exists in the Series 2009 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 2009 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, PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: \_\_\_\_\_, 2009.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

\_\_\_\_\_

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

Dated: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds: Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2009 A Bonds and the Series 2009 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective ARRA Assistance Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the ARRA Assistance 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 ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the BPH the respective amended schedules, the forms of which will be provided by the BPH, 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 Resolution) 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 Resolution);
- (2) Renewal and Replacement Fund (established by the Prior Resolution);  
and
- (3) Series 2009 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 Resolution) 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 2006 A Bonds Reserve Account (established by Prior Resolutions);
- (2) Series 1999 A Bonds Sinking Fund (established by Prior Resolutions);
- (3) Series 1999 A Bonds Reserve Account (established by Prior Resolutions);
- (4) Series 1999 B Bonds Sinking Fund (established by Prior Resolutions);
- (5) Series 1999 B Bonds Reserve Account (established by Prior Resolutions);
- (6) Series 2004 A Notes Sinking Fund (established by Prior Resolutions);
- (7) Series 2004 A Notes Reserve Account (established by Prior Resolutions);
- (8) Series 2008 A Bonds Sinking Fund (established by Prior Resolutions);
- (9) Series 2008 A Bonds Reserve Account (established by Prior Resolutions);
- (10) Series 2009 A Bonds Sinking Fund;
- (11) Series 2009 A Bonds Reserve Account;
- (12) Series 2009 B Bonds Sinking Fund; and
- (13) Series 2009 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 remit to (i) the National Finance Office the amount required by Prior Resolution to pay interest on the Series 2006 A Bonds; (ii) the

Commission the amount required by Prior Resolution to pay interest on the Series 1999 A Bonds; Series 1999 B Bonds, Series 2004 A Notes and Series 2008 A Bonds; (iii) on the first day of each month, remit to the Commission, commencing 4 months prior to the first date of payment of interest of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2009 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 2009 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments 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; and (iv) on the first day of each month, remit to the Commission, commencing 4 months prior to the first date of payment of interest of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2009 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments 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, 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 1999 A Bonds, Series 1999 B Bonds, Series 2004 A Notes and Series 2008 A 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 2006 A Bonds;; (iii) on the first day of each month, remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 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 2009 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; and (iv) on the first day of each month, remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 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 2009 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 4 months prior to the first date of payment of principal of the Series 2009 A Bonds, if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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 2009 A Bonds Reserve Requirement; and (iii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, if not fully funded upon issuance of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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 2009 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 2009 A Bonds Sinking Fund and the Series 2009 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds, respectively, as the same shall become due. Monies in the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds, respectively, as the same shall come due, when other monies in the Series 2009 A Bonds Sinking Fund and the Series 2009 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2009 A Bonds Sinking Fund, the Series 2009 B Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2009 Bonds 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 2009 A Bonds and the Series 2009 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account which result in a reduction in the balance of the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account to below the Series 2009 A Bonds Reserve Requirement or the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 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. 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 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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, if any, as set forth in the Schedule Y attached to the ARRA Assistance Agreement for the Series 2009 Bonds.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges 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 Resolution, 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 2009 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 2009 A Bonds and the Series 2009 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 A Bonds, there shall first be deposited with the Commission in the Series 2009 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 2009 A Bonds for the period commencing on the date of issuance of the Series 2009 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2009 B Bonds, there shall first be deposited with the Commission in the Series 2009 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 2009 B Bonds for the period commencing on the date of issuance of the Series 2009 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. From the proceeds of the Series 2009 A Bonds, there shall next be deposited with the Commission in the Series 2009 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2009 A Bonds Reserve Account.

D. From the proceeds of the Series 2009 B Bonds, there shall next be deposited with the Commission in the Series 2009 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2009 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 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 2009 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 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 2009 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 2009 Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

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 2009 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 2009 Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH, of

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement for the Series 2009 Bonds, and
- (2) a certificate, signed by an Authorized Officer, 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 Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds or the Series 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 A Bonds or the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds, the Series 2009 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The 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 ARRA Assistance 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 Commission Order of the Public Service Commission of West Virginia dated September 2, 2008, in Case No. 07-0756-PWD-CN.

So long as the Series 2009 A Bonds and the Series 2009 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 ARRA Assistance Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2009 A Bonds and the Series 2009 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance 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 ARRA Assistance 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 Resolution. Additionally, so long as the Series 2009 A Bonds and the Series 2009 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the BPH, 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 2009 A Bonds and the Series 2009 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the BPH, 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 2009 A Bonds and the Series 2009 B Bonds. Any balance remaining after the payment of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 A Bonds and the Series 2009 B Bonds pursuant

to this Bond Legislation, except with the prior written consent of the Authority and the BPH under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 A Bonds and the Series 2009 B Bonds.

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

So long as the Series 2006 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 1999 A Bonds, Series 1999 B Bonds, Series 2004 A Notes, Series 2008 A Bonds or Series 2009 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 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the BPH, 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 BPH 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 BPH, 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 BPH, the Authority, or any other original purchaser of the Series 2009 A Bonds and the Series 2009 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2009 A Bonds and the Series 2009 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 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 2009 A Bonds and the Series 2009 B Bonds, and shall submit said report to the BPH and the Authority, or any other original purchaser of the Series 2009 A Bonds and the Series 2009 B Bonds. Such audit report submitted to the Authority 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 ARRA Assistance 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 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 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 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 ARRA Assistance Agreement for the Series 2009 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds and the Series 2009 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the BPH 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 BPH 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 ARRA Assistance Agreement, and forward a copy of such report to the Authority and the BPH 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 ARRA Assistance 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 BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH 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 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 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 ARRA Assistance Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

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.

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 2009 A Bonds and the Series 2009 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 ARRA Assistance Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect

to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the BPH and the Issuer shall verify such insurance prior to commencement of construction. In the event the ARRA Assistance 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, 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 2009 A Bonds and the Series 2009 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 West Virginia Infrastructure and Jobs Development 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 ARRA Assistance Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the ARRA Assistance Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH with copies of all documents submitted to the Authority.

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

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

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

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 A Bonds and the Series 2009 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 BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2009 A Bonds and the Series 2009 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 BPH before expending any proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the 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 2009 A Bonds and the Series 2009 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2009 A Bonds and the Series 2009 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 2009 Bonds as a condition to issuance of the Series 2009 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 2009 Bonds as may be necessary in order to maintain the status of the Series 2009 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 2009 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 BPH, as the case may be, from which the proceeds of the Series 2009 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, 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 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 A Bonds and the Series 2009 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 Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2009 A Bonds and the Series 2009 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 2009 A Bonds and the Series 2009 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 or the BPH 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:

Putnam Public Service District  
Post Office Box 860  
Scott Depot, West Virginia 22560  
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

All notices to be sent to the BPH hereunder, shall also be sent to the Authority.

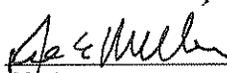
Section 11.06. Conflicting Provisions Repealed; Prior Resolution. Except for the Prior Resolution, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Resolution. In the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the 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 19th day of November, 2009.

  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of PUTNAM PUBLIC SERVICE DISTRICT on the 19th day of November, 2009.

Dated: December 4, 2009.

[SEAL]

  
Secretary

847280.00016

CH5202675.2

EXHIBIT A

ARRA Assistance Agreement included in bond transcript as Document 3.

PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

**Filter D Project**

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 2009 A (WEST VIRGINIA DWTRF PROGRAM) AND WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA) OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT 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 Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution, on November 19, 2009 (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 PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$627,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF

PROGRAM); AND NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA) 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 ARRA ASSISTANCE 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 meanings set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of the Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), of the Issuer (the "Series 2009 A Bonds"), in the aggregate principal amount not to exceed \$627,000; and Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), of the Issuer (the "Series 2009 B Bonds"), in the aggregate principal amount not to exceed \$100,000 (collectively the "Series 2009 Bonds" or the "Bonds") and has authorized the execution and delivery of the ARRA Assistance Agreement relating to the Series 2009 Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "ARRA Assistance Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 16, Article 13C 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 ARRA Assistance Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the ARRA Assistance Agreement have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement 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 PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$627,000. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2030, and shall bear interest at a rate of 2% per annum, payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2011. The principal of the Series 2009 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, and to and including December 1, 2030, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Series 2009 A Bonds. The Series 2009 A 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 ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 A Bonds. The Series 2009 A Bonds are not subject to the Administrative Fee.

Section 2. 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 2009 B (West Virginia DWTRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$100,000. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2030, and shall bear interest at a rate of 2% per annum, payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2011. The principal of the Series 2009 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, and to and including December 1, 2030, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Series 2009 B Bonds. The Series 2009 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 ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 B Bonds. The Series 2009 B Bonds are not subject to the Administrative Fee.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Resolution.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the ARRA Assistance Agreement, including all schedules and exhibits attached thereto, copies of which are incorporated herein by reference, and the execution and delivery of the ARRA Assistance 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 ARRA Assistance Agreement 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 5. 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 6. 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 7. The Issuer does hereby appoint and designate Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 8. Series 2009 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2009 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2009 A Bonds shall be deposited in or credited to the Series 2009 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 2009 Bonds and related costs.

Section 11. Series 2009 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 B Bonds Sinking Fund as capitalized interest.

Section 12. Series 2009 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 B Bonds Reserve Account.

Section 13. The balance of the proceeds of the Series 2009 B Bonds shall be deposited in or credited to the Series 2009 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 2009 Bonds and related costs.

Section 14. 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 ARRA Assistance Agreement on or about December 4, 2009.

Section 15. 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 16. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 17. 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 18. 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 19. The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A and hereby incorporated herein.

Section 20. 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.

Section 21. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted this 19th day of November, 2009.

PUTNAM PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of PUTNAM PUBLIC SERVICE DISTRICT on the 19th day of November, 2009.

Dated: December 4, 2009.

[SEAL]

A handwritten signature in cursive script, appearing to read "Paul D. Callahan", written over a horizontal line.

Secretary

## EXHIBIT A

### Special Conditions – ARRA Funded Projects

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Entity that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Entity.

C. BUY AMERICAN CERTIFICATION – The Local Entity shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and is approved by BPH.

E. CONTRACTS – The Local Entity shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Entity must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

H. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants

Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

J. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by BPH.

K. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Entity.

L. FALSE CLAIMS – The Local Entity must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Entity acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on [www.recovery.gov](http://www.recovery.gov), and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments,

businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond contain “(WVDWTRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Entity shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or (a) until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses or (b) new rates have been established by order of the Public Service Commission. The Local Entity shall notify the Authority and the BPH of any action to reduce rates during the eighteen months following completion of construction of the Project.

DWTRF – ARRA  
(10/09)

ARRA ASSISTANCE AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND ARRA ASSISTANCE AGREEMENT (the “ARRA Assistance 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 under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the “BPH”), and the local entity designated below (the “Local Entity”).

PUTNAM PUBLIC SERVICE DISTRICT  
(2009W-1095)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the “Safe Drinking Water Act”), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, the United States Congress has provided additional capitalization grant funding under the Clean Water Act through the American Recovery and Reinvestment Act of 2009 (the “ARRA”);

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the “Act”), the State of West Virginia (the “State”) has established a drinking water treatment revolving fund program (the “Program”) to direct the distribution of loans and funding assistance to eligible Local Entities pursuant to the Safe Drinking Water Act and the ARRA;

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency (“EPA”) to accept capitalization grant awards (U.S. General Services

Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.458 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the ARRA provides that at least fifty percent (50%) of the funds provided through the capitalization grant be provided as negative interest loans or principal forgiveness (the "ARRA Assistance");

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act, the ARRA and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

WHEREAS, the Local Entity is included on the BPH State Project Priority List and the Intended Use Plan and has met BPH's pre-application requirements for the Program;

WHEREAS, the Local Entity is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a drinking water project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Entity;

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

WHEREAS, the Local Entity has completed and filed with the Authority and BPH 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 the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in

the Fund, subject to the Local Entity's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Entity, BPH and the Authority hereby agree as follows:

## ARTICLE I

### Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local entity," and "project" have the definitions and meanings ascribed to them in the Act, the ARRA, or in the DWTRF Regulations.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority and BPH to the Local Entity through the purchase of Local Bonds, as hereinafter defined, pursuant to this ARRA Assistance Agreement.

1.4 "Local Act" means the official action of the Local Entity required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Entity pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this ARRA Assistance Agreement.

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

1.7 "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.

1.8 “Program” means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 “Project” means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 “DWTRF Regulations” means the regulations set forth in the West Virginia Code of State Regulations.

1.11 “System” means the drinking water system owned by the Local Entity, 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 ARRA Assistance 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 Local Entity by the Consulting Engineers, the BPH and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this ARRA Assistance Agreement and the Local Act, the Local Entity 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 Local Entity 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 Local Entity, 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 is approved by BPH and the Authority.

2.4 The Local Entity agrees that the Authority and BPH and their respective 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 Local Entity further agrees that the Authority and BPH and their respective duly authorized agents 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 BPH with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Entity 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 Local Entity shall permit the Authority and BPH, acting by and through their directors or 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 Local Entity shall submit to the Authority and BPH such documents and information as it 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 Local Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity 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 Local Entity 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 Local Entity 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 Authority and BPH

and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) 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 Local Entity, 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 Local Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding.

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and 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, BPH and the Local Entity 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 Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State and shall retain such a certified operator(s) to operate the System during the entire term of this ARRA Assistance Agreement.

2.11 The Local Entity hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, BPH 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 Local Entity, 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 A and incorporated herein by reference, and forward a copy by the 10th of each month to BPH and the Authority.

2.13 The Local Entity, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward such forms to BPH in compliance with the Local Entity's construction schedule.

2.14 The Local Entity shall serve the additional customers, if any, at the location(s) as set forth in Schedule X. The Local Entity shall not reduce the number of additional customers served by the project without the prior written approval of the Authority Board. Following completion of the Project the Local Entity shall certify to the Authority the number of customers added to the System.

2.15 The Local Entity shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia (the "PSC").

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and BPH to make the Loan is subject to the Local Entity's fulfillment, to the satisfaction of the Authority and BPH, 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 Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Entity shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this ARRA Assistance Agreement;

(c) The Local Entity 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;

(d) The Local Entity 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

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Loan will refund an interim construction financing, the Local Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

(e) The Local Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Entity shall have obtained all requisite orders of and approvals from the PSC and the West Virginia Infrastructure and Jobs Development Council (the "IJDC") 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 BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

(h) The Local Entity 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 BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(i) 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 BPH shall have received a certificate of the accountant for the Local Entity, or such other person or firm experienced in the finances of local entities and satisfactory to the Authority and BPH, to such effect; and

(j) 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 and BPH shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of drinking water projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this ARRA Assistance Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, 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 Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity 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 ARRA Assistance Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Entity 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, BPH and the Local Entity. 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 ARRA Assistance Agreement by the Authority.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of

this ARRA Assistance Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this ARRA Assistance Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

3.6 The Local Entity shall provide BPH with the appropriate documentation to comply with the special conditions regarding the public release requirements established by federal and State regulations as set forth in Exhibit D attached hereto at such times as are set forth therein.

#### ARTICLE IV

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

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Entity in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will 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 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 Local Entity 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, as applicable, of the System as provided 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 Local Entity will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the DWTRF Regulations, 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 from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Entity 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 BPH;

(vi) That the Local Entity 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 Local Entity 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 Local Entity 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 and all rights as set forth in Section 5 of the Act;

(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 Local Entity will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, 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 BPH. If the Local Entity receives \$500,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit 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 Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity 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 BPH 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, except for accrued interest and capitalized interest, if any, 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 Local Entity 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 funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, 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 Local Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

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

(xvii) That the Local Entity 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 Local Entity shall complete the Monthly Payment Form, attached hereto as Exhibit E 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, if required by the Authority and BPH and, 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 Local Entity 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 Local Entity shall have obtained the certificate of the Consulting Engineers 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 BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH 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;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

(xxi) That the Local Entity shall submit all proposed change orders to the BPH for written approval. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds held in

“contingency” as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Entity hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit F.

4.2 The Loan shall be secured by the pledge and assignment by the Local Entity, as effected by the Local Act, of the fees, charges and other revenues of the Local Entity from the System.

4.3 At least two and one half percent (2.5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the DWTRF Regulations, the Local Entity agrees to pay from time to time, if required by the Authority and BPH, the Local Entity’s allocable share of the reasonable administrative expenses of the BPH and the Authority relating to the Program. Such administrative expenses shall be determined by the BPH and the Authority and shall include, without limitation, Program expenses, legal fees paid by the BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

## ARTICLE V

### Certain Covenants of the Local Entity; Imposition and Collection of User Charges; Payments To Be Made by Local Entity to the Authority

5.1 The Local Entity hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this ARRA Assistance Agreement and the Local Act. The Local Entity 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 ARRA Assistance Agreement, the Local Entity 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 ARRA Assistance Agreement.

5.3 In the event the Local Entity defaults in any payment due to the Authority pursuant to this ARRA Assistance 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 Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act,

including, without limitation, the right to impose, enforce and collect charges of the System.

## ARTICLE VI

### Other Agreements of the Local Entity

6.1 The Local Entity hereby acknowledges to the Authority and BPH its understanding of the provisions of the Act, vesting in the Authority and BPH certain powers, rights and privileges with respect to drinking water projects in the event of default by local entities in the terms and covenants of this ARRA Assistance Agreement, and the Local Entity hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Entity shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this ARRA Assistance Agreement.

6.2 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH in this ARRA Assistance 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 BPH shall have the right to cancel all or any of their obligations under this ARRA Assistance Agreement if (a) any representation made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity 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, the DWTRF Regulations or this ARRA Assistance Agreement.

6.3 The Local Entity hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Entity hereby covenants that, if required by the Authority and BPH, 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 Local Entity fails to make any such rebates as required, then the Local

Entity 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.

6.5 Notwithstanding Section 6.4, the Authority and BPH may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Entity to be monitored or cause the rebate calculations for the Local Entity to be prepared, in either case at the expense of the Local Entity.

6.6 The Local Entity hereby agrees to give the Authority and BPH 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.

6.7 The Local Entity hereby agrees to file with the Authority and BPH 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 therefore.

## ARTICLE VII

### Miscellaneous

7.1 Schedules X and Y shall be attached to this ARRA Assistance 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 Local Entity supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this ARRA Assistance 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 ARRA Assistance Agreement, and this ARRA Assistance Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This ARRA Assistance 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 ARRA Assistance Agreement.

7.4 No waiver by any party of any term or condition of this ARRA Assistance 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 ARRA Assistance Agreement.

7.5 This ARRA Assistance 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.

7.6 By execution and delivery of this ARRA Assistance Agreement, notwithstanding the date hereof, the Local Entity 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.

7.7 This ARRA Assistance Agreement shall terminate upon the EARLIER of:

(i) written notice of termination to the Local Entity from either the Authority or BPH and the Project contracts were not executed by January 28, 2010;

(ii) 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 BPH if the Local Entity has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and BPH pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH;

(v) but further provided that the Authority and BPH reserve the right to terminate this ARRA Assistance Agreement upon five days written notice if the Local Bonds are not issued and the Project is not under written contract by January 28, 2010.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided

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further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this ARRA Assistance Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this ARRA Assistance Agreement.

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

PUTNAM PUBLIC SERVICE DISTRICT

(SEAL)

By:   
Its: Chairman  
Date: December 4, 2009

Attest:

  
Its: Secretary

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By:   
Its: Executive Director  
Date: December 4, 2009

Attest:

  
Its: Secretary-Treasurer

EXHIBIT A

MONTHLY FINANCIAL REPORT

Name of Local Entity \_\_\_\_\_  
 Name of Bond Issue(s) \_\_\_\_\_  
 Type of Project \_\_\_\_\_ Water \_\_\_\_\_ Wastewater  
 Fiscal Year \_\_\_\_\_ Report Month \_\_\_\_\_

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

\_\_\_\_\_  
**Name of Person Completing Form**

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Telephone**

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Local Entity 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 Local Entity 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 Local Entity.

**The Local Entity must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10<sup>th</sup> 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 B**

**PAYMENT REQUISITION FORM**

<b>- WATER TREATMENT UPGRADE PROJECT</b>									
<b>DWTRF FUNDING</b>									
	CLASSIFICATION	APPROVED	ADJUSTMENTS	REVISED	PAID	REQUESTED	PAID TO	BALANCE	
		BUDGET		BUDGET	PRIOR TO	THIS			
1	Construction & Cons. Cont.								
	a. Contract 1 - Contractor Name	0	0	0	0	0	0	0	0
	b. Contract 2 - Contractor Name	0	0	0	0	0	0	0	0
	c. Contract 3 - Contractor Name	0	0	0	0	0	0	0	0
	g. Construction contingency	0	0	0	0	0	0	0	0
2	Technical Services								
	a. Basic Engineering Design	0	0	0	0	0	0	0	0
	b. Inspection	0	0	0	0	0	0	0	0
	c. Special Services	0	0	0	0	0	0	0	0
3	Legal/Fiscal								
	a. Legal	0	0	0	0	0	0	0	0
	b. Accounting	0	0	0	0	0	0	0	0
4	Administrative								
	a. Administrative Expenses	0	0	0	0	0	0	0	0
	b. Tap Fees	0	0	0	0	0	0	0	0
	c. Accounting	0	0	0	0	0	0	0	0
	d. Registrar Fee	0	0	0	0	0	0	0	0
5	Sites & Other Lands	0	0	0	0	0	0	0	0
6	WV DOH Fees	0	0	0	0	0	0	0	0
7	Interest	0	0	0	0	0	0	0	0
8	Contingency	0	0	0	0	0	0	0	0
9	Miscellaneous (Equipment)	0	0	0	0	0	0	0	0
10	TOTAL of Lines 1 through 9	0	0	0	0	0	0	0	0

<b>OTHER FUNDING</b>									
	CLASSIFICATION	APPROVED	ADJUSTMENTS	REVISED	PAID	REQUESTED	PAID TO	BALANCE	
		BUDGET		BUDGET	PRIOR TO	THIS			
1	Construction & Cons. Cont.								
	a. Contract 1 - Contractor Name	0	0	0	0	0	0	0	0
	b. Contract 2 - Contractor Name	0	0	0	0	0	0	0	0
	c. Contract 3 - Contractor Name	0	0	0	0	0	0	0	0
	g. Construction contingency	0	0	0	0	0	0	0	0
2	Technical Services								
	a. Basic Engineering Design	0	0	0	0	0	0	0	0
	b. Inspection	0	0	0	0	0	0	0	0
	c. Special Services	0	0	0	0	0	0	0	0
3	Legal/Fiscal								
	a. Legal	0	0	0	0	0	0	0	0
	b. Accounting	0	0	0	0	0	0	0	0
4	Administrative								
	a. Administrative Expenses	0	0	0	0	0	0	0	0
	b. Tap Fees	0	0	0	0	0	0	0	0
	c. Accounting	0	0	0	0	0	0	0	0
	d. Registrar Fee	0	0	0	0	0	0	0	0
5	Sites & Other Lands	0	0	0	0	0	0	0	0
6	WV DOH Fees	0	0	0	0	0	0	0	0
7	Interest	0	0	0	0	0	0	0	0
8	Contingency	0	0	0	0	0	0	0	0
9	Miscellaneous (Equipment)	0	0	0	0	0	0	0	0
10	TOTAL of Lines 1 through 9	0	0	0	0	0	0	0	0

<b>TOTAL FUNDING</b>									
		APPROVED		REVISED	PAID	REQUESTED			
	CLASSIFICATION	BUDGET	ADJUSTMENTS	BUDGET	PRIOR TO	THIS	PAID TO	BALANCE	
					THIS DRAW	REQUEST	DATE	REMAINING	
1	Construction & Cons. Cont.								
	a. Contract 1 - Contractor Name	0	0	0	0	0	0	0	0
	b. Contract 2 - Contractor Name	0	0	0	0	0	0	0	0
	c. Contract 3 - Contractor Name	0	0	0	0	0	0	0	0
	g. Construction contingency	0	0	0	0	0	0	0	0
2	Technical Services								
	a. Basic Engineering Design	0	0	0	0	0	0	0	0
	b. Inspection	0	0	0	0	0	0	0	0
	c. Special Services	0	0	0	0	0	0	0	0
3	Legal/Fiscal								
	a. Legal	0	0	0	0	0	0	0	0
	b. Accounting	0	0	0	0	0	0	0	0
4	Administrative								
	a. Administrative Expenses	0	0	0	0	0	0	0	0
	b. Tap Fees	0	0	0	0	0	0	0	0
	c. Accounting	0	0	0	0	0	0	0	0
	d. Registrar Fee	0	0	0	0	0	0	0	0
5	Sites & Other Lands	0	0	0	0	0	0	0	0
6	WV DOH Fees	0	0	0	0	0	0	0	0
7	Interest	0	0	0	0	0	0	0	0
8	Contingency	0	0	0	0	0	0	0	0
9	Miscellaneous (Equipment)	0	0	0	0	0	0	0	0
10	TOTAL of Lines 1 through 9	0	0	0	0	0	0	0	0

EXHIBIT C

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 used herein and not defined herein shall have the same meaning set forth in the bond \_\_\_\_\_ adopted or enacted by the Issuer on \_\_\_\_\_, and the ARRA Assistance Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), 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 BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least \_\_\_\_\_ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm<sup>1</sup> has ascertained that all successful bidders have made required provisions

<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then

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

WITNESS my signature and seal on this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

[SEAL]

By: \_\_\_\_\_  
\_\_\_\_\_

West Virginia License No. \_\_\_\_\_

---

insert the following: [and in reliance upon the opinion of \_\_\_\_\_, Esq.] and delete "my firm has ascertained that".

<sup>2</sup>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 D

### SPECIAL CONDITIONS – BASE PROGRAM

The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

### SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

The Local Entity shall include the following covenants in its bond authorizing documents:

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Entity that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Entity.

C. BUY AMERICAN CERTIFICATION – The Local Entity shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and as approved by BPH.

E. CONTRACTS – The Local Entity shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Entity must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

H. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

J. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by BPH.

K. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Entity.

L. FALSE CLAIMS – The Local Entity must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws

pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. **LIMIT ON FUNDS** – The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. **WAGE RATES** – The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. **OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE** – The Local Entity acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on [www.recovery.gov](http://www.recovery.gov), and any subsequent guidance documents issued by OMB.

P. **DISADVANTAGED BUSINESS ENTERPRISE** – Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

Q. **CIVIL RIGHTS** – The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. **BOND DESIGNATION** – Each Local Bond contain “(WVDWTRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Entity shall covenant that it will not reduce its approved customer rates for at least eighteen months after completion of the Project or (a) until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses or (b) new rates have been established by order of the Public Service Commission. The Local Entity shall notify the Authority and the BPH of any action to reduce rates during the eighteen months following completion of construction of the Project.

# EXHIBIT D-1

For 2008 Use Only  
 Grant Number \_\_\_\_\_

**West Virginia Department of Health and Human Resources**  
**Subrecipient (Grantee) Information Form**  
 Please see the instructions for completion of the Subrecipient (Grantee) information Form

**1. Subrecipient (Grantee) Name**

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**2. Subrecipient (Grantee) Location (Street Address, City State and Zip Code)**

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**3. Subrecipient (Grantee) 9-Digit DUNS Number**

---

**4. Subrecipient (Grantee) Type (Please check one box only)**

<input type="checkbox"/> State Government <input type="checkbox"/> County Government <input type="checkbox"/> City or Township Government <input type="checkbox"/> Special District Government <input type="checkbox"/> Regional Organization <input type="checkbox"/> U.S. Territory or Possession <input type="checkbox"/> Independent School District <input type="checkbox"/> Public/State Controlled Institution of Higher Learning <input type="checkbox"/> Indian/Native American Tribal Government (Federally Recognized) <input type="checkbox"/> Indian/Native American Tribal Government (Other than Federally Recognized) <input type="checkbox"/> Indian/Native American Tribally Designated Organization <input type="checkbox"/> Public/Indian Housing Authority	<input type="checkbox"/> Nonprofit with 501(c)(3) IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Nonprofit without 501(c)(3) IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Private Institution of Higher Education <input type="checkbox"/> Individual <input type="checkbox"/> For-Profit Business (Other than Small Business) <input type="checkbox"/> Small Business <input type="checkbox"/> Hispanic-serving Institution <input type="checkbox"/> Historically Black Colleges and Universities (HBCUs) <input type="checkbox"/> Tribally Controlled Colleges and Universities (TCCUs) <input type="checkbox"/> Alaska Native and Native Hawaiian Serving Institutions <input type="checkbox"/> Non-domestic (non-US) entity <input type="checkbox"/> Other (Please explain) _____
--	--

**5. Primary Performance Location (Street Address, City State and Zip Code)**

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**6. Names, Titles and Total Compensation for the 5 Most Highly Compensated Officers**

Officer Name	Title	Total Compensation

**NOTE: This form must be signed by an individual no lower than the Executive Director or Chief Financial Officer.**

Printed Name \_\_\_\_\_ Title \_\_\_\_\_  
 Signature \_\_\_\_\_ Date \_\_\_\_\_ Phone # \_\_\_\_\_

DHHR Form A-1000

## EXHIBIT D-2

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**ADDENDUM**  
**FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT**  
**AMERICAN RECOVERY AND REINVESTMENT ACT**

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### **A. Purpose and Summary**

The purpose of this Addendum is to ensure that recipients of grant awards from the West Virginia Department of Health and Human Resources understand their responsibilities under the Federal Funding Accountability and Transparency Act of 2006 and the American Recovery and Reinvestment Act of 2009, as may be applicable.

As part of these responsibilities, and as condition for execution of this Grant Agreement, Grantees must remain current in the Central Contractor Registration (CCR) database (<http://www.ccr.gov>) at all times during which they have active DHHR grant awards. The CCR database is the repository for standard information about Federal financial assistance applicants, recipients and subrecipients. Grantees must update or renew their CCR registration at least once per year to maintain an active status.

In order to register in the Central Contractor Registration database, Grantees must first obtain a valid Data Universal Numbering System (DUNS) Number from Dun and Bradstreet at <http://www.dnb.com>. A DUNS number is a unique nine-digit sequence recognized as the universal standard for identifying and keeping track of entities receiving Federal funds. The identifier is used for tracking purposes and for validating the address and point of contact information for Federal assistance applicants, recipients and subrecipients.

Additional information about obtaining a DUNS number and maintaining registration with the CCR are included on the websites referenced above and on the attached Instructions for Completion of the Subrecipient (Grantee) Information Form. As further explained within this Addendum, the attached Subrecipient (Grantee) Information Form must be completed by the Grantee and submitted to the DHHR during the negotiation (pre-award) stage of the grant cycle.

### **B. Federal Funding Accountability and Transparency Act of 2006**

The Federal Funding Accountability and Transparency Act of 2006, Public Law 109-282, hereinafter referred to as the Transparency Act, is an Act of Congress that requires full disclosure to the public of all entities or organizations receiving Federal funds. The Transparency Act directed the Office of Management and Budget (OMB), by January 1, 2008, to ensure the existence and operation of a single searchable website, accessible to the public at no cost, which includes for each Federal award:

1. The amount of the award;
2. Information including transaction type, funding agency, the North American Industry Classification System code or Catalog of Federal Domestic Assistance number (where applicable), program source, and an award title descriptive of the purpose of each funding action;
3. The name and location of the recipient and the primary location of performance;
4. A unique identifier of the recipient and any parent agency (DUNS Number); and
5. Any other relevant information specified by the OMB

The Transparency Act also required the OMB, by July 1, 2007, to commence a pilot program to test the collection of and access to data about subgrants and to determine how to implement a subaward-reporting program across the Federal Government. Thereafter, the Transparency Act required the OMB to terminate the pilot program by January 1, 2009 and, subject to extensions, replace it with a permanent system of ensuring that data regarding subawards is disclosed in the same manner as data regarding other Federal awards.

**ADDENDUM  
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT  
AMERICAN RECOVERY AND REINVESTMENT ACT**

**C. American Recovery and Reinvestment Act of 2009**

The American Recovery and Reinvestment Act of 2009, Public Law 111-2, hereinafter referred to as the ARRA, is an economic stimulus package enacted by the 111<sup>th</sup> United States Congress and signed into law by President Barack Obama on February 17, 2009. The ARRA is intended to provide a stimulus to the U.S. economy in the wake of the economic downturn and includes Federal tax relief, expansion of unemployment benefits and other social welfare provisions; and domestic spending on education, health care, and infrastructure, including the energy sector. The ARRA provides for unprecedented levels of transparency and accountability so that the public will be able to know how, when and where their tax dollars are being spent. Specific information and requirements under the ARRA are as follows:

1. Funding provided from the Federal Government through the ARRA is "one-time only" funding and, to maximize the transparency and accountability of ARRA funds, organizations receiving funding under the ARRA must maintain records that identify adequately the source and application of those funds.
2. Section 1512(c) of the ARRA requires quarterly reporting on the use of funds. The data elements proposed for reporting the information described in Section 1512(c) were published in the Federal Register on April 1, 2009 (74 FR 14824). The reporting requirements under Section 1512(c) of the ARRA currently apply only to entities receiving ARRA funds directly from the Federal Government, sometimes referred to as primary recipients.
3. Section 1512(h) of the ARRA requires recipients of ARRA funds, and their first-tier recipients (subrecipients) to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov>. In order to register in the CCR, a valid Data Universal Numbering System (DUNS) Number is required, as further described within this Addendum and within the Instructions for Completion of the Subrecipient (Grantee) Information Form.
4. Section 1605 of the ARRA requires that projects funded by the ARRA for the construction, siting, maintenance, or repair of a public building or public work use American iron, steel, and manufactured goods in the project unless one of the specified exemptions applies. The ARRA provides that this requirement be applied in a manner consistent with U.S. obligations under international agreements. Definitions of "manufactured good," "public building and public work," and other terms as they pertain to the Buy American guidance in 2 CFR part 176 are found in § 176.140 and § 176.160.
5. Section 1606 of the ARRA requires the payment of Davis-Bacon Act (40 U.S.C. 31) wage rates to "laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government" pursuant to the ARRA.
6. Grantees bound by the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, must separately identify the expenditures for Federal awards under the ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. This requirement shall be accomplished by identifying expenditures for Federal awards made under the ARRA separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix "ARRA-" in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC. Additional information regarding the Federal audit requirements of OMB Circular A-133 is located within Exhibit F of the DHHR Grant Agreement and the Source of Funds Schedule, attached to this Grant Agreement as Exhibit B, identifies whether the funds awarded under this grant are being made available through appropriations under the ARRA.



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**ADDENDUM**  
**FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT**  
**AMERICAN RECOVERY AND REINVESTMENT ACT**

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**D. DHHR Reporting to the Federal Government**

At present time, direct reporting to the Federal Government lies solely at the primary recipient level. Therefore, while subrecipients of grant awards from the DHHR do not have to report data directly to the Federal Government, the DHHR, as a primary recipient and pass-through entity of Federal awards, does have a responsibility to report on certain data elements regarding its subgrant activities. As such, the DHHR is required to report the following information to the Federal Government with respect to its subawards:

1. Subrecipient DUNS number
2. Award number or other identifying number
3. Subrecipient name
4. Subrecipient location
5. Subrecipient type
6. Amount of subaward disbursed
7. Total amount of subaward
8. Subaward date
9. Subaward project/grant period
10. Primary performance location
11. Names and total compensation of the five most highly compensated officers of the entity

**E. Subrecipient (Grantee) Information Form**

Both the Transparency Act and the ARRA address the primary recipient's requirements to report information on the subawards it makes to subrecipient (grantee) organizations. To ensure completeness and consistency in accounting for the funds received and subawarded by the West Virginia Department of Health and Human Resources (DHHR) to DHHR Grantees, the DHHR has developed a standardized form in which Grantees shall be required to complete and submit to the DHHR during the negotiation (pre-award) stage of the grant cycle. The DHHR will not process the Grant Agreement or commit any of the funds related thereto until the Grantee submits a signed copy of the Subrecipient (Grantee) Information Form.

**F. Future Informational Updates and Regulatory Requirements**

Currently, the rules, regulations and guidance issued by the Federal Government with respect to the oversight, accountability and reporting requirements associated with the Transparency Act and the ARRA are a work-in-progress. As referenced in the aforementioned sections of this Addendum, there are a number of reporting requirements (data elements) for which the DHHR, as a primary recipient of Federal funds, must report directly to the Federal Government. While the Federal Government has not currently placed specific reporting obligations on all subrecipients (Grantees), by all indications, these requirements are forthcoming from the Executive Office of the President or through the release of individual Federal agency regulations. Therefore, as additional information becomes available and the Federal Government provides more details on managing Federal funds, the DHHR will transmit the information or requirements to its grant community through an update to this memorandum or by other determinable means to ensure overall compliance with the Transparency Act and the ARRA.

**G. Sources of Information / Websites**

Federal Funding Accountability and Transparency Act of 2006  
<http://www.usaftpending.gov/>

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ADDENDUM  
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT  
AMERICAN RECOVERY AND REINVESTMENT ACT

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[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109\\_cong\\_bills&docid=f52390enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f52390enr.txt.pdf)

American Recovery and Reinvestment Act of 2009

<http://www.recovery.gov/>

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=fh1enr.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=fh1enr.pdf)

[http://www.whitehouse.gov/omb/assets/memoranda\\_fy2009/m09-10.pdf](http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-10.pdf)

[http://www.whitehouse.gov/omb/assets/memoranda\\_fy2009/m09-13.pdf](http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-13.pdf)

<http://www.recovery.gov/>

Interim Final Guidance from the OMB – Requirements for Implementing Sections 1512, 1503, and 1505 of the American Recovery and Reinvestment Act of 2009 for Financial Assistance Awards – published in the Federal Register, Volume 74, Number 77, April 23, 2009, pages 12449-63

<http://www.gpoaccess.gov/fr>

EXHIBIT E

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission

on behalf of \_\_\_\_\_ on \_\_\_\_\_.  
[Local Entity] [Date]

Sinking Fund:

Interest \$ \_\_\_\_\_

Principal \$ \_\_\_\_\_

Total: \$ \_\_\_\_\_

Reserve Account: \$ \_\_\_\_\_

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
[Name of Local Entity]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

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

West Virginia Bureau for Public Health  
815 Quarrier Street, Suite 418  
Charleston, WV 25301-2616

Ladies and Gentlemen:

We are bond counsel to \_\_\_\_\_(the "Local Entity"), a  
\_\_\_\_\_.

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) ARRA Assistance Agreement dated \_\_\_\_\_, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, dated \_\_\_\_\_(the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the ARRA Assistance 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 principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning \_\_\_\_\_1, \_\_\_\_\_, and ending \_\_\_\_\_1, \_\_\_\_\_, all as set forth in the "Schedule Y" attached to the ARRA Assistance 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 Local Entity on \_\_\_\_\_, as supplemented by the supplemental resolution duly adopted by the Local Entity on \_\_\_\_\_(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the ARRA

Assistance 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 ARRA Assistance 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 ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Local Entity and is a valid and binding special obligation of the Local Entity, enforceable in accordance with the terms thereof.

2. The ARRA Assistance Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Local Entity without the consent of the Authority and the BPH.

3. The Local Entity 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 Local Entity and constitute valid and binding obligations of the Local Entity, enforceable against the Local Entity 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 ARRA Assistance Agreement.

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

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

#### A. Series A Bonds (Base Program)

Principal Amount of Local Bonds	\$627,000
Purchase Price of Local Bonds	\$627,000

The Local Bonds shall bear interest at the rate of two percent (2%) per annum. Commencing March 1, 2011, principal of and interest on the Local Bonds is payable quarterly, with no administrative fee. 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 Local Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal and interest, if any, and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Local Entity's system as provided in the Local Act.

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity 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 ARRA Assistance 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 Local Entity:

- (i) Putnam Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000;

- (ii) Putnam Public Service District Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000;
- (iii) Putnam Public Service District Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000;
- (iv) Putnam Public Service District Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000; and
- (v) Putnam Public Service District Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000.

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

B. Series B Bonds (ARRA)

Principal Amount of Local Bonds \$100,000  
 Purchase Price of Local Bonds \$100,000

The Local Bonds shall bear interest at the rate of two percent (2%) per annum. Commencing March 1, 2011, principal of and interest on the Local Bonds is payable quarterly, with no administrative fee. The Authority at the direction of the BPH shall forgive the principal amount of the Local Bonds. Principal forgiveness shall begin on June 1, 2011, and shall be made quarterly thereafter (March 1, June 1, September 1 and December 1 of each year) as set forth on Schedule Y attached hereto and incorporated herein by reference.

The Local Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal and interest, if any, and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Local Entity's system as provided in the Local Act.

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity 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 ARRA Assistance 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 Local Entity:

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- (iii) Putnam Public Service District Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000;
- (iv) Putnam Public Service District Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000; and
- (v) Putnam Public Service District Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000.

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

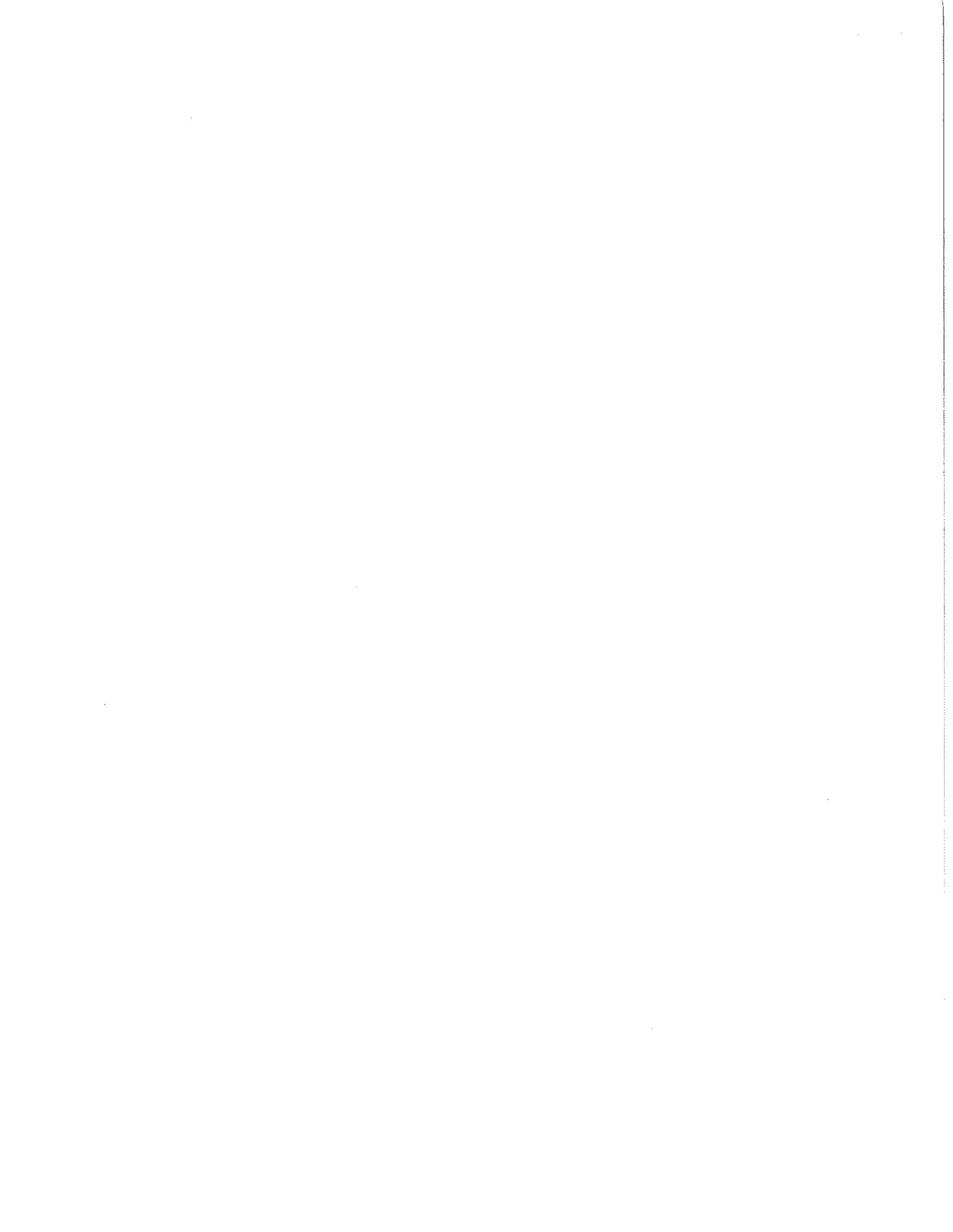
**SCHEDULE Y**  
**DEBT SERVICE SCHEDULE**

20 Years					
2% Interest Rate					
		Dated Date	11/4/09		
		Delivery Date	11/4/09		
Period Ending	Principal	Coupon	Interest	Debt Service	
11/4/09					
3/1/11	6,394	2.000%	3,135.00	9,529.00	
6/1/11	6,425	2.000%	3,103.03	9,528.03	
9/1/11	6,458	2.000%	3,070.91	9,528.91	
12/1/11	6,490	2.000%	3,038.62	9,528.62	
3/1/12	6,522	2.000%	3,006.17	9,528.17	
6/1/12	6,555	2.000%	2,973.56	9,528.56	
9/1/12	6,588	2.000%	2,940.78	9,528.78	
12/1/12	6,621	2.000%	2,907.84	9,528.84	
3/1/13	6,654	2.000%	2,874.74	9,528.74	
6/1/13	6,687	2.000%	2,841.47	9,528.47	
9/1/13	6,720	2.000%	2,808.03	9,528.03	
12/1/13	6,754	2.000%	2,774.43	9,528.43	
3/1/14	6,788	2.000%	2,740.66	9,528.66	
6/1/14	6,822	2.000%	2,706.72	9,528.72	
9/1/14	6,856	2.000%	2,672.61	9,528.61	
12/1/14	6,890	2.000%	2,638.33	9,528.33	
3/1/15	6,925	2.000%	2,603.88	9,528.88	
6/1/15	6,959	2.000%	2,569.26	9,528.26	
9/1/15	6,994	2.000%	2,534.46	9,528.46	
12/1/15	7,029	2.000%	2,499.49	9,528.49	
3/1/16	7,064	2.000%	2,464.35	9,528.35	
6/1/16	7,099	2.000%	2,429.03	9,528.03	
9/1/16	7,135	2.000%	2,393.53	9,528.53	
12/1/16	7,171	2.000%	2,357.86	9,528.86	
3/1/17	7,207	2.000%	2,322.00	9,529.00	
6/1/17	7,243	2.000%	2,285.97	9,528.97	
9/1/17	7,279	2.000%	2,249.75	9,528.75	
12/1/17	7,315	2.000%	2,213.36	9,528.36	
3/1/18	7,352	2.000%	2,176.78	9,528.78	
6/1/18	7,389	2.000%	2,140.02	9,529.02	
9/1/18	7,425	2.000%	2,103.08	9,528.08	
12/1/18	7,463	2.000%	2,065.95	9,528.95	
3/1/19	7,500	2.000%	2,028.64	9,528.64	
6/1/19	7,537	2.000%	1,991.14	9,528.14	
9/1/19	7,575	2.000%	1,953.45	9,528.45	
12/1/19	7,613	2.000%	1,915.58	9,528.58	
3/1/20	7,651	2.000%	1,877.51	9,528.51	
6/1/20	7,689	2.000%	1,839.26	9,528.26	
9/1/20	7,728	2.000%	1,800.81	9,528.81	
12/1/20	7,766	2.000%	1,762.17	9,528.17	
3/1/21	7,805	2.000%	1,723.34	9,528.34	
6/1/21	7,844	2.000%	1,684.32	9,528.32	
9/1/21	7,883	2.000%	1,645.10	9,528.10	
12/1/21	7,923	2.000%	1,605.68	9,528.68	

20 Years					
2% Interest Rate					
Period Ending	Principal	Coupon	Interest	Debt Service	
3/1/22	7,962	2.000%	1,566.07	9,528.07	
6/1/22	8,002	2.000%	1,526.26	9,528.26	
9/1/22	8,042	2.000%	1,486.25	9,528.25	
12/1/22	8,082	2.000%	1,446.04	9,528.04	
3/1/23	8,123	2.000%	1,405.63	9,528.63	
6/1/23	8,164	2.000%	1,365.01	9,529.01	
9/1/23	8,204	2.000%	1,324.19	9,528.19	
12/1/23	8,245	2.000%	1,283.17	9,528.17	
3/1/24	8,287	2.000%	1,241.95	9,528.95	
6/1/24	8,328	2.000%	1,200.51	9,528.51	
9/1/24	8,370	2.000%	1,158.87	9,528.87	
12/1/24	8,412	2.000%	1,117.02	9,529.02	
3/1/25	8,454	2.000%	1,074.96	9,528.96	
6/1/25	8,496	2.000%	1,032.69	9,528.69	
9/1/25	8,538	2.000%	990.21	9,528.21	
12/1/25	8,581	2.000%	947.52	9,528.52	
3/1/26	8,624	2.000%	904.62	9,528.62	
6/1/26	8,667	2.000%	861.50	9,528.50	
9/1/26	8,710	2.000%	818.16	9,528.16	
12/1/26	8,754	2.000%	774.61	9,528.61	
3/1/27	8,798	2.000%	730.84	9,528.84	
6/1/27	8,842	2.000%	686.85	9,528.85	
9/1/27	8,886	2.000%	642.64	9,528.64	
12/1/27	8,930	2.000%	598.21	9,528.21	
3/1/28	8,975	2.000%	553.56	9,528.56	
6/1/28	9,020	2.000%	508.69	9,528.69	
9/1/28	9,065	2.000%	463.59	9,528.59	
12/1/28	9,110	2.000%	418.26	9,528.26	
3/1/29	9,156	2.000%	372.71	9,528.71	
6/1/29	9,202	2.000%	326.93	9,528.93	
9/1/29	9,248	2.000%	280.92	9,528.92	
12/1/29	9,294	2.000%	234.68	9,528.68	
3/1/30	9,340	2.000%	188.21	9,528.21	
6/1/30	9,387	2.000%	141.51	9,528.51	
9/1/30	9,434	2.000%	94.58	9,528.58	
12/1/30	9,481	2.000%	47.41	9,528.41	
	<b>627,000</b>		<b>135,283.50</b>	<b>762,283.50</b>	

20 Years					
2% Interest Rate					
	Dated Date		11/4/09		
	Delivery Date		11/4/09		
Period Ending	Principal	Coupon	Interest	Debt Service	
11/4/09					
3/1/11	1,020	2.000%	500.00	1,520.00	
6/1/11	1,025	2.000%	494.90	1,519.90	
9/1/11	1,030	2.000%	489.78	1,519.78	
12/1/11	1,035	2.000%	484.63	1,519.63	
3/1/12	1,040	2.000%	479.45	1,519.45	
6/1/12	1,045	2.000%	474.25	1,519.25	
9/1/12	1,051	2.000%	469.03	1,520.03	
12/1/12	1,056	2.000%	463.77	1,519.77	
3/1/13	1,061	2.000%	458.49	1,519.49	
6/1/13	1,067	2.000%	453.19	1,520.19	
9/1/13	1,072	2.000%	447.85	1,519.85	
12/1/13	1,077	2.000%	442.49	1,519.49	
3/1/14	1,083	2.000%	437.11	1,520.11	
6/1/14	1,088	2.000%	431.69	1,519.69	
9/1/14	1,093	2.000%	426.25	1,519.25	
12/1/14	1,099	2.000%	420.79	1,519.79	
3/1/15	1,104	2.000%	415.29	1,519.29	
6/1/15	1,110	2.000%	409.77	1,519.77	
9/1/15	1,116	2.000%	404.22	1,520.22	
12/1/15	1,121	2.000%	398.64	1,519.64	
3/1/16	1,127	2.000%	393.04	1,520.04	
6/1/16	1,132	2.000%	387.40	1,519.40	
9/1/16	1,138	2.000%	381.74	1,519.74	
12/1/16	1,144	2.000%	376.05	1,520.05	
3/1/17	1,149	2.000%	370.33	1,519.33	
6/1/17	1,155	2.000%	364.59	1,519.59	
9/1/17	1,161	2.000%	358.81	1,519.81	
12/1/17	1,167	2.000%	353.01	1,520.01	
3/1/18	1,173	2.000%	347.17	1,520.17	
6/1/18	1,178	2.000%	341.31	1,519.31	
9/1/18	1,184	2.000%	335.42	1,519.42	
12/1/18	1,190	2.000%	329.50	1,519.50	
3/1/19	1,196	2.000%	323.55	1,519.55	
6/1/19	1,202	2.000%	317.57	1,519.57	
9/1/19	1,208	2.000%	311.56	1,519.56	
12/1/19	1,214	2.000%	305.52	1,519.52	
3/1/20	1,220	2.000%	299.45	1,519.45	
6/1/20	1,226	2.000%	293.35	1,519.35	
9/1/20	1,232	2.000%	287.22	1,519.22	
12/1/20	1,239	2.000%	281.06	1,520.06	
3/1/21	1,245	2.000%	274.86	1,519.86	
6/1/21	1,251	2.000%	268.64	1,519.64	
9/1/21	1,257	2.000%	262.38	1,519.38	
12/1/21	1,264	2.000%	256.10	1,520.10	

20 Years					
2% Interest Rate					
Period	Principal	Coupon	Interest	Debt	
Ending				Service	
3/1/22	1,270	2.000%	249.78	1,519.78	
6/1/22	1,276	2.000%	243.43	1,519.43	
9/1/22	1,283	2.000%	237.05	1,520.05	
12/1/22	1,289	2.000%	230.63	1,519.63	
3/1/23	1,296	2.000%	224.19	1,520.19	
6/1/23	1,302	2.000%	217.71	1,519.71	
9/1/23	1,309	2.000%	211.20	1,520.20	
12/1/23	1,315	2.000%	204.65	1,519.65	
3/1/24	1,322	2.000%	198.08	1,520.08	
6/1/24	1,328	2.000%	191.47	1,519.47	
9/1/24	1,335	2.000%	184.83	1,519.83	
12/1/24	1,342	2.000%	178.15	1,520.15	
3/1/25	1,348	2.000%	171.44	1,519.44	
6/1/25	1,355	2.000%	164.70	1,519.70	
9/1/25	1,362	2.000%	157.93	1,519.93	
12/1/25	1,369	2.000%	151.12	1,520.12	
3/1/26	1,375	2.000%	144.27	1,519.27	
6/1/26	1,382	2.000%	137.40	1,519.40	
9/1/26	1,389	2.000%	130.49	1,519.49	
12/1/26	1,396	2.000%	123.54	1,519.54	
3/1/27	1,403	2.000%	116.56	1,519.56	
6/1/27	1,410	2.000%	109.55	1,519.55	
9/1/27	1,417	2.000%	102.50	1,519.50	
12/1/27	1,424	2.000%	95.41	1,519.41	
3/1/28	1,431	2.000%	88.29	1,519.29	
6/1/28	1,439	2.000%	81.14	1,520.14	
9/1/28	1,446	2.000%	73.94	1,519.94	
12/1/28	1,453	2.000%	66.71	1,519.71	
3/1/29	1,460	2.000%	59.45	1,519.45	
6/1/29	1,468	2.000%	52.15	1,520.15	
9/1/29	1,475	2.000%	44.81	1,519.81	
12/1/29	1,482	2.000%	37.43	1,519.43	
3/1/30	1,490	2.000%	30.02	1,520.02	
6/1/30	1,497	2.000%	22.57	1,519.57	
9/1/30	1,505	2.000%	15.09	1,520.09	
12/1/30	1,512	2.000%	7.56	1,519.56	
	<b>100,000</b>		<b>21,576.46</b>	<b>121,576.46</b>	



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Issued: August 19, 2009

**FINAL**

9/8/2009

CASE NO. 09-0682-PWD-CN

PUTNAM PUBLIC SERVICE DISTRICT,  
a public utility, Scott Depot, Putnam County.

Application for a certificate of convenience and necessity for the upgrade and renovation of a water treatment plant, for approval of increased water rates and charges, and for approval of financing related thereto.

RECOMMENDED DECISION

On May 1, 2009, Putnam Public Service District ("District") filed with the Public Service Commission ("Commission") an application for a certificate of convenience and necessity for the upgrade and renovation of its water treatment plant. Specifically, the District proposed to replace one water filter, Filter A, with a new filter, Filter D, and to replace the filter media in another filter, Filter B, and add manual override on the valves of Filter B. A 9.8% increase in water rates was also requested. Supporting documentation was filed.

On May 4, 2009, the Commission directed the District to publish a Notice of Filing, which required that any protest be filed within thirty days of the publication date.

On May 11, 2009, the District filed an affidavit of publication of the Notice of Filing on May 7, 2009, in The Hurricane Breeze, published in Putnam County.

On May 13, 2009, by Order, the Commission referred this matter to the Division of Administrative Law Judges for decision no later than November 30, 2009.

On May 29, 2009, a protest was filed, and, on June 18, 2009, a second protest was filed. Each protest was to the proposed rate increase.

On June 25, 2009, the District filed various documents. Included was an affidavit establishing that it had provided individual notice of its requested rate increase, as required by Rule 10.3.d of the

KAG

Commission's Rules of Practice and Procedure. Also included was a binding commitment letter from the West Virginia Department of Health and Human Resources ("Health Department") offering a loan through its Drinking Water Treatment Revolving Fund of \$727,000, payable over 20 years at 2% annual interest rate, contingent upon receipt of federal funding from *The American Recovery and Reinvestment Act of 2009* ("ARRA"), and further stating that, if that *contingency* and others are not fulfilled, the Health Department would provide a conventional loan, with the same terms except that a 1% administrative fee would be added to the terms of the loan.

On July 22, 2009, the District advised the Commission by letter that Schedule 3 of its tariff, providing a bond reserve repayment surcharge, could be removed from the tariff because the bond deficiency had been eliminated. On July 29<sup>th</sup>, a letter from the West Virginia Municipal Bond Commission, stating that no further monthly deposits on the account were needed, was filed.

On July 27, 2009, the District filed revisions to its financial report.

On July 29, 2009, the Final Joint Staff Memorandum was filed, which included the following: The District's treatment plant has three filters. Filter A, an old filter, needs to be replaced due to inadequacies in its construction. Filter B, although newer, needs to be renovated to increase its reliability and increase its filter rate. Staff opined that the project is needed to assure reliability. The project has not been bid; its estimated project cost is \$727,000, including an estimated construction cost of \$553,350. On April 1, 2009, the Health Department issued Permit No. 18,273 for the project. While most necessary permits have been issued, some are outstanding. As reflected in the revisions to the District's financial report, the District no longer is requesting any increase in its rates, and Staff agreed that none is needed, stating, "The District's per books surplus of approximately \$274,724 will be sufficient to cover the project-related expenses and provide for a Staff-Recommended surplus of approximately \$116,533 and debt coverage of 124.26%. Thus, the project is financially feasible[.]" Staff recommended that the project be approved, contingent upon receipt and filing of all necessary permits, and that the funding be approved. Staff further recommended that Schedule 3 be removed from the District's tariff and adjusted the District's leak adjustment rate from \$.39 to \$.43 per thousand gallons.

### DISCUSSION

The ramifications of ARRA and its impact on certificate cases before the Commission have been discussed in several previous cases. The following discussion, from Town of Bath, dba Berkeley Springs Water Works, Case No. 09-0389-W-CN (Aug. 3, 2009), is representative and bears repeating because it relates to public service districts as well as municipalities:

In General Order No. 182.09, issued on April 16, 2009, the Commission discussed the process to be followed for water and sewer certificate projects that are to be funded with stimulus funds under the ARRA [footnote omitted]. The Commission noted that the State Bureau for Public Health will have approximately 19.5 million dollars in

federal stimulus funds for water projects, while the DEP will have approximately 61 million dollars for sewer projects. Those projects have to be bid by August 2009 and the contracts awarded by October 2009. The economic stimulus projects are made more complicated by the fact that the funding agencies overseeing the distribution of economic stimulus funds will not be finally awarding those funds through a traditional commitment letter until approximately August or September of 2009. Economic stimulus money is awarded on a "first come, first served" basis and there is no guarantee that any project which received a letter from either DEP or the Bureau for Public Health, indicating that a project was eligible for certain level of ARRA funding, will actually receive the originally specified level of ARRA funding, or any ARRA funding at all.

In General Order No. 182.09, the Commission determined that, for already certificated municipal water or sewer projects whose funding packages will change due to the award of ARRA funds, a municipality need not petition the Commission to reopen the certificate proceeding for approval of that revised financing, but, instead, can simply file a letter with the Commission, as a closed entry, detailing the new financing package, with no further Commission action.

Traditionally, orders granting certificates of convenience and necessity to municipally-operated public utilities have specifically approved the funding package proposed for the municipal water or sewer project and have required that the municipally-operated public utility file a petition to reopen the proceeding to obtain Commission approval of any changes to project financing only in the event that project costs change and rates are affected, either requiring increases or decreases. That process is being retained in large part for municipal projects using ARRA funds, since that process provides a reasonable, and streamlined, means of addressing the timing problems associated with ARRA projects, i.e., the financing will not be finally committed until sometime in August or September of 2009 and contracts must be awarded on or before October 1, 2009. The biggest difference is the approval of project financing that has not been committed. To further accommodate the timing constraints of ARRA, essentially, the determination is being made in advance that any funding package that includes ARRA funds is reasonable, so that changes to an ARRA funding package do not require additional review, unless rates have to be increased.

Despite the ARRA constraints, the Public Service Commission has an obligation with regard to any certificate application, whether it is filed by a private utility, a public service district or a municipality, to insure that the project is economically feasible and financially viable, which includes guaranteeing that there is adequate financing to fund the proposed project. See, Town of Man and Man Water Works, Inc., Case No. 81-433-W-PC, Order Affirming Hearing Examiner's Decision, April 16, 1982, 69 ARPSCWV 1893; Ohio County Public Service District, Case No. 82-482-S-CN, Order Affirming Hearing Examiner's Decision Without Prejudice, April 8, 1983, 70

ARPSCWV 2049. See also, Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914, (1992). Accordingly, the Town must reopen this proceeding for Commission review and approval of project changes which generate rate changes, with the clarification that this requirement will apply only to rate increases. Further, it is reasonable to include an ordering paragraph prohibiting the municipally-operated public utility from commencing construction, unless it has secured adequate funding to cover all project costs, as those costs have been determined upon the conclusion of the bidding process and after bids have been awarded for all of the construction contracts associated with the project, and to file that information with the Commission. The Town will be required to file with the Commission a letter detailing the final funding package for this project upon that information being known, along with the bid tabulations for each construction contract to be awarded for the project. Those filings should be made as closed entries and should not be treated as petitions to reopen.

In the event that, after the filing of the letter by the municipally-operated public utility providing the details of the finalized funding package for the certificated project, Commission Staff concludes, based upon its own independent analysis, that either the specified funding package or the municipal rates are insufficient to cover all project costs, it will be the obligation of Commission Staff to petition the Public Service Commission to reopen the municipal certificate proceeding for the purpose of reviewing the financial viability of the certificated project.

As with all certificate applications filed with the Commission, in the event that the project scope changes, or changes in project cost and/or financing require a further rate increase, the Town will be required to file a petition to reopen this matter, to allow the Commission to assess the nature of the project changes, both to determine if they are adequately funded and to determine if those changes are appropriate and not in conflict with any state laws or Commission rules, and to insure that funding package and associated rates support the economic feasibility and financial viability of the project.

#### FINDINGS OF FACT

1. On May 1, 2009, Putnam Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity for the upgrade and renovation of its water treatment plant. Specifically, the District proposed to replace one water filter, Filter A, with a new filter, Filter D, and to replace the filter media in another filter, Filter B, and add manual override on the valves of Filter B. (See application).

2. In its application, the District requested a 9.8% increase in water rates, but during the pendency of this matter, withdrew its request for a rate increase. (See application; filing of July 27, 2009; Final Joint Staff Memorandum filed July 29, 2009).

3. The Notice of Filing was published on May 7, 2009, in The Hurricane Breeze, published in Putnam County, and two protests, objecting only to the rate increase, were filed. (See filings of May 11, May 29, and June 18, 2009).

4. Filter A at the District's treatment plant was constructed in the early 1990s as an emergency or interim filter. Although it wasn't designed to be used permanently, it has been in use since that time and is beginning to show signs of structural instability. Filter C was constructed in the 1960s and is near the end of its useful life. As to Filter B, it has no manual override, preventing operation when there is a problem with the air supply. Also, changing the filter media to mixed media will increase Filter B's capacity and provide additional operating flexibility. (See, Application filed May 1, 2009, Preliminary Engineering Report; Final Joint Staff Memorandum).

5. On April 1, 2009, the West Virginia Department of Health issued Permit No. 18,273 for the project. While most necessary permits have been issued, some are outstanding. (See attachment to application; Final Joint Staff Memorandum).

6. The estimated project cost is \$727,000, including an estimated construction cost of \$553,350. (See application; Final Joint Staff Memorandum).

7. The West Virginia Department of Health and Human Resources has offered the District a loan through its Drinking Water Treatment Revolving Fund of \$727,000, payable over 20 years at 2% annual interest rate, contingent upon receipt of federal funding from *The American Recovery and Reinvestment Act of 2009*, and has further offered that, if that contingency and others are not fulfilled, it will provide to the District a conventional loan, with the same terms except that a 1% administrative fee would be added to the terms of the loan. (See filing of June 25, 2009; Final Joint Staff Memorandum).

8. No rate increase is needed. After project completion, the District's current rates should generate a cash-flow surplus of \$418,212 and debt service of 130.55%. If the ARRA funding is not available and the loan converts to a conventional loan with a 1% administrative fee, the additional annual expense is only \$7,270. (See Final Joint Staff Memorandum, Attachment 3).

9. Schedule 3 of the District's tariff, providing a bond reserve repayment surcharge, no longer has applicability because the bond deficiency has been eliminated. (See filings of July 22 and 29, 2009; Final Joint Staff Memorandum).

10. Staff recommended that the application be granted and the project approved, contingent upon the receipt and filing of the outstanding permits prior to beginning construction; that the funding be approved; that Schedule 3 be removed from the District's tariff; and that the District's leak adjustment rate be adjusted from \$.39 to \$.43 per thousand gallons. (See Final Joint Staff Memorandum).

## CONCLUSIONS OF LAW

1. Prior to amendment, effective April 10, 2009, W.Va. Code §24-2-11 required that a hearing be held in a certificate case when a protest was filed, but since amendment, Code §24-2-11 requires that a hearing be held only when substantial protest is filed. In that only two protests were filed and both were to the initially proposed rate increase, which was withdrawn, no hearing was warranted in this matter.
2. It is appropriate to approve the tariff changes recommended by Commission Staff.
3. It is reasonable to approve the funding of the project, consisting of a \$727,000 loan from the Drinking Water Treatment Revolving Fund of the West Virginia Department of Health and Human Resources, payable over 20 years at 2% annual interest rate, contingent upon receipt of federal funding from *The American Recovery and Reinvestment Act of 2009*, and, if that contingency and others are not fulfilled, payable over 20 years at 2% annual interest rate plus a 1% administrative fee. Because of the unique timing issues involving the economic stimulus funds provided under *The American Recovery and Reinvestment Act of 2009*, including that these funds are available for a short period on a one-time only basis, it is reasonable to modify some of the Commission's traditional requirements regarding certificate applications, as set forth in the ordering paragraphs of this decision.
4. It is appropriate to grant the application, pursuant to W.Va. Code §24-2-11, and to approve the project, contingent upon receipt of the outstanding permits, because the public convenience and necessity require it, and substantial protests were not filed.

## ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed on May 1, 2009, by Putnam Public Service District for the upgrade and renovation of its water treatment plant, all as more particularly described in the plans and specification filed with the application, at a total cost of \$727,000, be, and it hereby is, granted, without specifically approving the plans and specifications filed herein.

IT IS FURTHER ORDERED that the financing for the project, consisting of a \$727,000 loan from the Drinking Water Treatment Revolving Fund of the West Virginia Department of Health and Human Resources, payable over 20 years at a 2% annual interest rate, contingent upon receipt of federal funding from *The American Recovery and Reinvestment Act of 2009*, and, if that contingency and others are not fulfilled, payable over 20 years at 2% annual interest rate plus a 1% administrative fee, is approved.

IT IS FURTHER ORDERED that, upon finalization of the funding package, Putnam Public Service District file a letter with the Commission detailing the specifics of that funding package, including the terms and conditions of the loan awarded.

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

IT IS FURTHER ORDERED that Putnam Public Service District not proceed to construction unless and until it has received all required federal, state and local permits, and unless the finally-awarded funding package is adequate to cover all project costs, as determined at the conclusion of the bidding process with a bid awarded for each construction contract or vendor contract for the project.

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

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

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

IT IS FURTHER ORDERED that Schedule 3, providing for a surcharge, be removed from the water tariff of Putnam Public Service District, and that the present Schedule 4 be redesignated as Schedule 3.

IT IS FURTHER ORDERED that the modification of the leak adjustment rate of the water tariff of Putnam Public Service District to \$.43 per thousand gallons is approved.

IT IS FURTHER ORDERED that, within thirty (30) days of the date on which this decision becomes final, Putnam Public Service District file a water tariff reflecting said changes.

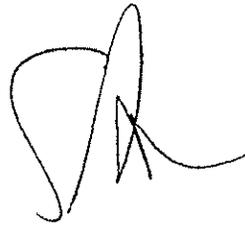
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Commission by hand delivery, and 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 within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

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

A handwritten signature in black ink, appearing to be 'SA' with a stylized flourish extending to the right.

Sunya Anderson  
Administrative Law Judge

SA:s:bam  
090682a.wpd

PUTNAM PUBLIC SERVICE DISTRICT, a public utility

OF

SCOTT DEPOT, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Scott Depot and vicinity (Teays Valley, Putnam County) and in areas  
formerly served by Sunnybrook Water Association, Ventroux Water  
Association and Putnam Utilities Corporation

RECEIVED  
2008 SEP 24 PM 3:20  
W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

Filed with THE PUBLIC SERVICE COMMISSION  
of  
WEST VIRGINIA

Issued September 24, 2008

Effective for service rendered on or after September 24, 2008  
or as otherwise provided herein

Issued by authority of August 15, 2007 Recommended Decision  
(final September 4, 2007) entered in Case No. 07-0756-PWD-CN  
and Commission Order Entered September 2, 2008, in Case No.  
07-0756-PWD-CN (Reopened)

Issued by PUTNAM PUBLIC SERVICE DISTRICT, a public utility

By *Robert R. Proctor*

ITS ATTORNEY

Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

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Issued: September 24, 2008

Effective: September 24, 2008

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 07-0756-PWD-CN (Reopened) entered September 2, 2008

**SCHEDULE I**

**APPLICABILITY**

Applicable in entire territory served except the Kanawha Orchard Industrial customers

**AVAILABILITY**

Available for general domestic, commercial, Putnam County industrial and resale service

**(C) (I) RATES (customers with metered water supply)**

First	2,000 gallons used per month	Minimum Rate According to Meter Size
Next	23,000 gallons used per month	\$4.25 per 1,000 gallons
Next	975,000 gallons used per month	\$3.91 per 1,000 gallons
Next	1,000,000 gallons used per month	\$2.69 per 1,000 gallons

**(I) MINIMUM CHARGE**

No bill will be rendered for less than \$16.11 per month which is the equivalent of 2,000 gallons of water:

5/8 - or 3/4	inch meter	\$ 16.11 per month
1	inch meter	\$ 40.28 per month
1 - 1/2	inch meter	\$ 80.55 per month
2	inch standard meter	\$ 128.88 per month
2	inch compound meter	\$ 128.88 per month
2	inch turbine meter	\$ 161.10 per month
3	inch compound meter	\$ 257.76 per month
3	inch turbine meter	\$ 386.64 per month
4	inch compound meter	\$ 402.75 per month
4	inch turbine meter	\$ 676.62 per month
6	inch compound meter	\$ 805.50 per month
6	inch turbine meter	\$1,482.12 per month
8	inch compound meter	\$1,288.80 per month
8	inch turbine meter	\$2,577.60 per month

**(I) Indicates an increase in rates**

**(C) Indicates change in text**

Issued: September 24, 2008

Effective: September 24, 2008

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 07-0756-PWD-CN (Reopened) entered September 2, 2008

**SCHEDULE I** (Continued)

**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.

**RECONNECTION SERVICE CHARGE - \$25.00**

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

**TAP FEE**

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

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

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

**LEAK ADJUSTMENT**

\$0.39 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

**RETURNED CHECK CHARGE FOR INSUFFICIENT FUNDS**

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

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Issued: September 24, 2008

Effective: September 24, 2008

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 07-0756-PWD-CN (Reopened) entered September 2, 2008

**SCHEDULE 1-A**

**APPLICABILITY**

Applicable in territory formerly served by Kanawha Orchard Public Service District for industrial customers only

**AVAILABILITY**

Available for industrial water service

**(C)(I) RATES (customers with metered water supply)**

First	3,000 gallons used per month	\$6.23 per 1,000 gallons
Next	7,000 gallons used per month	\$5.93 per 1,000 gallons
All Over	10,000 gallons used per month	\$5.63 per 1,000 gallons

**(C) (I) MINIMUM CHARGE**

No bill will be rendered for less than \$18.69 per month which is the equivalent of 3,000 gallons of water:

5/8 - or 3/4	inch meter	\$ 18.69 per month
1	inch meter	\$ 46.72 per month
1 - 1/2	inch meter	\$ 93.45 per month
2	inch standard meter	\$ 149.52 per month
2	inch compound meter	\$ 149.52 per month
2	inch turbine meter	\$ 186.90 per month
3	inch compound meter	\$ 299.04 per month
3	inch turbine meter	\$ 448.56 per month
4	inch compound meter	\$ 467.25 per month
4	inch turbine meter	\$ 784.98 per month
6	inch compound meter	\$ 934.50 per month
6	inch turbine meter	\$1,719.48 per month
8	inch compound meter	\$1,495.20 per month
8	inch turbine meter	\$2,990.40 per month

**(I) Indicates an increase in rates**

**(C) Indicates change in text**

Issued: September 24, 2008

Effective: September 24, 2008

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 07-0756-PWD-CN (Reopened) entered September 2, 2008

RECONNECTION SERVICE CHARGE - \$25.00

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

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

(I) A tap fee of \$200.00 will be charged to a customer applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

(D) A tap fee of \$200.00 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

(I) LEAK ADJUSTMENT

\$0.39 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

(N) RETURNED CHECK CHARGE FOR INSUFFICIENT FUNDS

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.

- (I) Indicates an increase in rates
- (D) Indicates decrease in rates
- (N) Indicates new rate/regulation

**SCHEDULE 2**

**APPLICABILITY**

Applicable in entire territory served

**AVAILABILITY**

Available for private fire protection

**(I) RATE**

The monthly rate for private fire protection will be \$36.53 per hydrant to sprinkler connection.

**FIRE SERVICE TAP FEE**

The tap for connection of private fire hydrants or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION \$25.00**

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

**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.

**(I) Indicates an increase in rates**

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Issued: September 24, 2008

Effective: September 24, 2008

Issued by authority of August 15, 2007 Recommended Decision (final September 4, 2007) entered in Case No. 07-0756-PWD-CN).

**SCHEDULE 3**

**APPLICABILITY**

Applicable in entire territory served

**SURCHARGES**

Bond Reserve Repayment Surcharge - \$0.064 per 1,000 gallons sold from the effective date of this tariff will be charged in order to eliminate the deficiency in the water bond reserve. This surcharge will be eliminated once the deficiency reaches a zero balance.

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Issued: September 24, 2008

Effective: September 24, 2008

Issued by authority of August 15, 2007 Recommended Decision (final September 4, 2007) entered in Case No. 07-0756-PWD-CN).

**SCHEDULE 4**

The following schedule shall be utilized for determining the monthly emergency standby surcharge for those months, if any, where the District is required to purchase larger volumes of water from West Virginia-American Water Company due to extraordinary drought conditions.

MONTH: \_\_\_\_\_

<u>LINE NO.</u>	<u>M. GALLONS</u>
1. Sales to General Customers – Same Month Last Year	_____
2. Less: Sales to Large Customers (Over 100 M. Gallons Per Month) Same Month Last Year	_____
3. Add: Sales to Large Customers This Month	_____
4. Add: Sales for Resale This Month	_____
5. Denominator	_____
6. WV-American Water Purchases – M. Gallons	_____
7. WV-American Water Purchases - \$ _____ Less: (-) _____	_____
8. Amount Per M. Gallons To Be Recovered – Line 7 ÷ 5	_____ ÷ _____
9. Surcharge Amount	\$ _____

Effective: February 5, 2008

Effective for twelve months on all bills rendered after December 6, 2007

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 07-2172-D-PC dated December 6, 2008

**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 2<sup>nd</sup> day of September, 2008.

CASE NO. 07-0756-PWD-CN (REOPENED)

PUTNAM PUBLIC SERVICE DISTRICT, a public corporation,  
Scott Depot, Putnam County.

Application for a certificate of convenience and necessity for the upgrade, operation and maintenance of water mains, including gate valves, fire hydrants, water meters and all necessary appurtenances in the Ventroux Road area, Putnam County, the participation in the construction of a new maintenance/service garage and office facility, for approval of increased water rates and charges, and for approval of financing related thereto.

**COMMISSION ORDER**

The Commission approves the requested minor tariff revisions.

**BACKGROUND**

On August 11, 2008, Putnam Public Service District petitioned the Commission to reopen this matter and approve minor tariff revisions. Petition pp. 1-2. On September 4, 2007, increased water rates were approved to become effective upon Putnam's completion of the certificated project. An approved tariff was attached to the certificate order as Appendix A. Putnam advised that it expects the project to be substantially completed within the next month and asked to be able to place the increased rates into effect immediately upon the filing of the engineer's certificate of substantial completion.

Earlier the Commission had approved the addition of itemized minimum charges per meter type on Schedules 1 and 1-A of Putnam's water tariff, but those tariff revisions were not reflected in the approved tariff provisions attached to the certificate order. See Commission Order p. 3, Putnam PSD, Case No. 06-1291-PWD-T (Dec. 4, 2006). In the petition to reopen, Putnam requests that the tariff approved in the earlier certificate order be revised to include the itemization of minimum charges per meter type. Putnam attached such a proposed tariff as Exhibit Number 3 to its petition to reopen, as well as the calculations it used to determine the appropriate itemized minimum charges based on the increased rates.

On August 25, 2008, Commission Staff recommended that the petition to reopen be approved, subject to Putnam filing its engineer's certificate of substantial completion. Initial & Final Joint Staff Memorandum p. 2.

On August 27, 2008, Putnam advised that the certificate of substantial completion will likely be issued within the week and asked that it be permitted to put the increased rates into effect as soon as possible upon the filing of that certificate. Letter. p. 1.

It is reasonable to conform the tariff approved in the certificate proceeding to include the minimum charges itemized per meter type that were approved in Case Number 06-1291-PWD-T. Accordingly, Putnam's petition to reopen should be granted.

### **FINDINGS OF FACT**

1. On December 4, 2006, the Commission approved the addition of itemized minimum charges per meter type on Schedules 1 and 1-A of Putnam's water tariff. See Commission Order p. 3, Putnam PSD, Case No. 06-1291-PWD-T (Dec. 4, 2006).
2. On September 4, 2007, increased water rates were approved to become effective upon Putnam's completion of the certificated project. See Appendix A attached to Rec. Dec., Putnam PSD, Case No. 07-0756-PWD-CN (Aug. 15, 2007, final Sept. 4, 2007). The tariff approved in the certificate case did not include the itemized minimum charges per meter type.
3. On August 11, 2008, Putnam petitioned the Commission to reopen this matter to conform the provisions approved in the two orders. Petition pp. 1-2.
4. On August 25, 2008, Commission Staff recommended that the petition to reopen be approved, subject to Putnam filing its engineer's certificate of substantial completion. Initial & Final Joint Staff Memorandum p. 2.

### **CONCLUSION OF LAW**

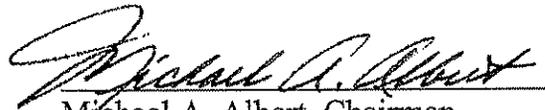
It is reasonable to conform the tariff approved in Putnam's certificate proceeding to include the minimum charges itemized per meter type.

### **ORDER**

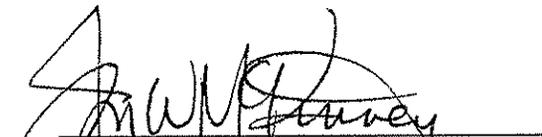
IT IS THEREFORE ORDERED that Putnam's petition to reopen is granted. For all service provided after Putnam files the certificate of substantial completion for this project, Putnam PSD may assess the rates and charges set forth in the attached tariff.

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

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

  
\_\_\_\_\_  
Michael A. Albert, Chairman

\_\_\_\_\_  
E. H. Staats, Commissioner

  
\_\_\_\_\_  
Jon W. McKinney, Commissioner

CLW:tt  
070756ca.wpd

## SCHEDULE 1-A

### APPLICABILITY

Applicable within the area formally served by Kanawha Orchard Public Service District for industrial customers only.

### AVAILABILITY

Available for industrial water service.

### RATES(Customers with metered water supply)

First	3,000 gallons used per month	\$6.23 per 1,000 gallons
Next	7,000 gallons used per month	\$5.93 per 1,000 gallons
	All over 10,000 gallons used per month	\$5.63 per 1,000 gallons

### MINIMUM CHARGE

No minimum bill will be rendered for less than \$18.69 per month which is the equivalent of 3,000 gallons of water.

5/8 – or 3/4	inch meter	\$ 18.69 per month
1	inch meter	46.72 per month
1 1/2	inch meter	93.45 per month
2	inch standard meter	149.52 per month
2	inch compound meter	149.52 per month
2	inch turbine meter	186.90 per month
3	inch compound meter	299.04 per month
3	inch turbine meter	448.56 per month
4	inch compound meter	467.25 per month
4	inch turbine meter	784.98 per month
6	inch compound meter	934.50 per month
6	inch turbine meter	1,719.48 per month
8	inch compound meter	1,495.20 per month
8	inch turbine meter	2,990.40 per month

### RE-CONNECTION \$25.00

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

### TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$200.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$200.00 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.

LEAK ADJUSTMENT

\$0.39 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of 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.

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

FINAL

Issued: August 15, 2007

9/4/2007

CASE NO. 07-0756-PWD-CN

PUTNAM PUBLIC SERVICE DISTRICT,  
a public corporation.

Application for a certificate of convenience and necessity for the upgrade, operation and maintenance of water mains, including gate valves, fire hydrants, water meters and all necessary appurtenances, in the Ventroux Road area, Putnam County, for the participation in the construction of a new maintenance/service garage and office facility, for approval of increased water rates and charges, and for approval of financing related thereto.

RECOMMENDED DECISION

On May 3, 2007, Putnam Public Service District ("District"), by counsel Robert R. Rodecker, filed with the Public Service Commission ("Commission"), pursuant to W.Va. Code §§16-13A-25 and 24-2-11, an application for a certificate of convenience and necessity for the upgrade, operation and maintenance of water mains, gate valves, fire hydrants, water meters and all necessary appurtenances, in the Ventroux Road area, Putnam County, and for the participation in the construction of a new maintenance/service garage and office facility; for approval of increased water rates and charges; and for approval of financing related thereto. Supporting documentation was filed.

On May 10, 2007, the Commission directed the District to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application. In that the same rates apply to the District's residential, commercial, industrial, and resale customers, the notice stated that, based upon an average of 4,500 gallons per month, for each class of customers the "\$INCREASE" would be \$.64; the notice also stated that the "%INCREASE" for each class would be ".02452." It also stated that the "proposed increased rates and charges will produce approximately \$78,500.00 annually in additional revenue, an increase of 2.44%."

On June 4, 2007, Staff Attorney Ronald E. Robertson, Jr., filed an Initial Joint Staff Memorandum, with an attached memorandum from Karen L. Buckley, of the Water and Wastewater Division, and Jonathan Fowler, of the Engineering Division, synthesizing the application.

On June 12, 2007, the District, by counsel, filed an affidavit of publication establishing that the Notice of Filing had been published on May 29, 2007, in The Putnam Standard.

On June 13, 2007, by Order, the Commission referred this matter to the Division of Administrative Law Judges for decision no later than November 29, 2007, if a timely protest was received, and no later than September 17, 2007, if no such protest was filed.

On June 29, 2007, the undersigned issued a Procedural Order requiring Staff to file its final memorandum no later than August 1, 2007, because no protest had been filed and the decision due date was, accordingly, September 17, 2007.

Also on June 29, 2007, the District, by counsel, filed an affidavit from the District's general manager stating that a copy of the Notice of Filing had been sent to each of the District's water customers. Also filed was certification that the District's resale customer, the City of Hurricane, had been sent a copy of the notice by certified mail.

On August 1, 2007, Mr. Robertson filed a Further Joint Staff Memorandum explaining that Staff was unable to file its final memorandum by that date, but would be filing it on August 3, 2007.

On August 3, 2007, the District, by counsel, filed documents showing that it had notified American Electric Power ("AEP") that the Notice of Filing had erroneously stated what would be the impact of the proposed rates on AEP for service to AEP's John Amos Plant; the correct rate of increase was 2.452%.

Also on August 3, 2007, Mr. Robertson filed the Final Joint Staff Memorandum, with an attached memorandum from Ms. Buckley and John Mottesheard, of the Engineering Division, which included the following: The project has been approved by West Virginia Infrastructure and Jobs Development Council. The system improvements will update water service to approximately sixty-three residential and commercial customers in the Scary Creek area of Putnam County and will involve the installation of 9,300 linear feet of two-inch to six-inch line, four fire hydrants, a pressure reducing valve and appurtenances. The existing water lines are undersized and in poor condition; the largest line, a four-inch line, cannot provide adequate fire flow. The construction of a new maintenance/service garage and office facility is for the District's water and sewer operations, and, therefore, half of the facility's financing is part of this case; the other half is part of Case No. 07-0755-PSD-CN. The existing building was constructed twenty-five years ago, is located in a flood plain, and is inadequate for the needs of the District's growing infrastructure. The estimated total project cost is \$1,436,000; the estimated total construction cost is \$1,090,000, comprised of \$590,000

for the improvements and \$500,000 for the building (half of the \$1,000,000 total cost of the building). The engineering fee, 9.4% of the total project cost, is reasonable, as is the \$9,400 cost per customer. The project will be financed by a \$1,436,000 Water Development Authority loan, payable over forty years at 5% per annum interest. The District had not yet received all necessary permits, but had assured Staff that it would not begin construction prior to receipt of all necessary permits. The proposed rates are a 2.4[5]% increase over those approved in Case No. 05-0660-PWD-CN, which are not yet in effect. Staff had recalculated the District's leak adjustment rate from \$0.36 per thousand gallons (approved in Case No. 05-0660-PWD-CN) to \$0.39. Staff opined that the District had complied with the notice requirements of Rule 10.3.d of the Commission's Rules of Practice and Procedure, and recommended that the project be approved, contingent upon receipt of all needed permits, and that the project's financing and the proposed rate increase be approved.

On August 10, 2007, the District, by counsel, filed Permit No. 17,554, issued for the project on June 27, 2007, by the State of West Virginia Office of Environmental Health Services.

#### DISCUSSION

The percentage increase of ".02452" stated on the Notice of Filing was incorrect for all classes of customers; the correct figure was "02.452." The undersigned will deem the District to have substantially complied with the notice requirements, nevertheless, because the notice did state the correct dollar increase and that the revenue increase would be 2.44%. The incorrect figure therefore could not have caused undue confusion. That the increase was minimal and that the difference between the figures was therefore also minimal additionally support that providing to the customers a revised notice would not have any effect in this matter.

#### FINDINGS OF FACT

1. On May 3, 2007, Putnam Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity for the upgrade, operation and maintenance of water mains, gate valves, fire hydrants, water meters and all necessary appurtenances, in the Ventroux Road area, Putnam County, and for the participation in the construction of a new maintenance/service garage and office facility; for approval of increased water rates and charges; and for approval of financing related thereto. (See application).

2. The District published the Notice of Filing on May 29, 2007, in The Putnam Standard and also sent a copy of the notice to each of its water customers, including its resale customer, the City of Hurricane, which was sent the notice by certified mail. No protest was filed. (See filings of June 12 and 29, 2007; case file generally).

3. The proposed rate was an increase of 2.45% over those approved in Case No. 05-0660-PWD-CN. The Notice of Filing stated that, based upon an average of 4,500 gallons per month, for each class of customers the “(\$)INCREASE” would be \$.64; the notice also stated that the “(%)INCREASE” for each class would be “.02452.” It also stated that the “proposed increased rates and charges will produce approximately \$78,500.00 annually in additional revenue, an increase of 2.44%.” (See filing of June 12, 2007).

3. The project has been approved by West Virginia Infrastructure and Jobs Development Council. (See application; Final Joint Staff Memorandum filed August 3, 2007).

4. The system improvements will update water service to approximately sixty-three residential and commercial customers in the Scary Creek area of Putnam County and will involve the installation of 9,300 linear feet of two-inch to six-inch line, four fire hydrants, a pressure reducing valve and appurtenances. (See application; Final Joint Staff Memorandum).

5. The existing water lines are undersized and in poor condition; the largest line, a four-inch line, cannot provide adequate fire flow. (See Final Joint Staff Memorandum).

6. The construction of a new maintenance/service garage and office facility is for the District’s water and sewer operations, and, therefore, half of the facility’s financing is part of this case; the other half is part of Case No. 07-0755-PSD-CN. (See application; Final Joint Staff Memorandum).

7. The existing building was constructed twenty-five years ago, is located in a flood plain, and is inadequate for the needs of the District’s growing infrastructure. (See Final Joint Staff Memorandum).

8. Staff reported that the District had not received all necessary permits, but had stated that it would not begin construction until all needed permits are received. Thereafter, the District filed Permit No. 17,554, issued for the project on June 27, 2007, by the State of West Virginia Office of Environmental Health Services. (See Final Joint Staff Memorandum; filing of August 10, 2007).

9. The estimated total project cost is \$1,436,000. The estimated total construction cost is \$1,090,000, comprised of \$590,000 for the improvements and \$500,000 for the building (half of the \$1,000,000 total cost of the building). (See application; Final Joint Staff Memorandum).

10. The project will be financed by a \$1,436,000 Water Development Authority loan, payable over forty years at 5% per annum interest. (See application; Final Joint Staff Memorandum).

11. Staff found the engineering fee, 9.4% of the total project cost, and the \$9,400 cost per customer to be reasonable. (See application; Final Joint Staff Memorandum).

12. Staff recalculated the District's leak adjustment rate from \$0.36 per thousand gallons (approved in Case No. 05-0660-PWD-CN) to \$0.39 per thousand gallons. (See Final Joint Staff Memorandum).

13. Staff opined that the District had complied with the notice requirements of Rule 10.3.d of the Commission's Rules of Practice and Procedure, and recommended that the project be approved, contingent upon receipt of all needed permits, and the project's financing and the proposed rate increase be approved. (See Final Joint Staff Memorandum).

### CONCLUSIONS OF LAW

1. The District substantially complied with the notice requirements of Rule 10.3.d of the Commission's Rules of Practice and Procedure.

2. It is appropriate to grant the application, pursuant to W.Va. Code §§16-13A-25 and 24-2-11, and to approve the project, contingent upon the District's filing copies of any necessary outstanding permits, because the public convenience and necessity require the project and no protest was filed.

3. It is appropriate to approve the project's financing because it is reasonable.

4. It is appropriate to approve the proposed rate increases, including the modification to the leak adjustment, as provided in Appendix A hereto, because they are reasonable and necessary, and no protest was filed.

### ORDER

IT IS, THEREFORE, ORDERED that the application filed on May 3, 2007, by Putnam Public Service District for a certificate of convenience and necessity for the upgrade, operation and maintenance of water mains, gate valves, fire hydrants, water meters and all necessary appurtenances, in the Ventroux Road area, Putnam County, and for the participation in the construction of a new maintenance/service garage and office facility, is granted and the project is approved, contingent upon receipt of any outstanding permits.

IT IS FURTHER ORDERED that the funding for the project, consisting of a \$1,436,000 Water Development Authority loan, payable over forty years at 5% per annum interest, is approved.

IT IS FURTHER ORDERED that Putnam Public Service District files copies of all

outstanding permits as soon as possible and not begin construction on the project until all such permits are received.

IT IS FURTHER ORDERED that the rate increases and revisions contained in the Approved Tariff, attached hereto as Appendix A, are approved, to become effective upon completion of the project.

IT IS FURTHER ORDERED that, if there is any change in the cost of the project, estimated at \$1,436,000, which affects rates, or in the scope, design or funding of the project, Putnam Public Service District file a petition with the Commission for approval of such revisions.

IT IS FURTHER ORDERED that Putnam Public Service District comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that, if there are any changes in the project costs that do not affect rates, Putnam Public Service District file herein an affidavit duly executed by its accountant verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that Putnam Public Service District submit a copy of the bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that Putnam Public Service District notify the Commission when its engineer has performed the substantial completion inspection.

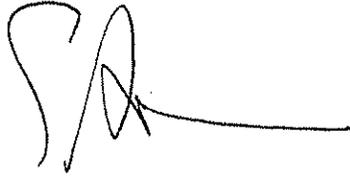
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon Commission Staff 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 within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

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

A handwritten signature in black ink, appearing to be 'SA' followed by a long horizontal line extending to the right.

Sunya Anderson  
Administrative Law Judge

SA:s  
070756aa.wpd



PUTNAM PUBLIC SERVICE DISTRICT (Water)  
CASE NO. 07-0756-PWD-CN  
APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served except the Kanawha Orchard Industrial customers.

AVAILABILITY

Available for general domestic, commercial, Putnam County industrial and resale service.

RATES (customers with metered water supply)

First	2,000 gallons used per month	Minimum Rate According to Meter Size
Next	23,000 gallons used per month	\$4.25 per 1,000 gallons
Next	975,000 gallons used per month	\$3.91 per 1,000 gallons
Next	1,000,000 gallons used per month	\$2.69 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than \$16.11 per month which is the equivalent of 2,000 gallons of water.

5/8-or 3/4-inch meter	\$ 16.11 per month
1 inch meter	\$ 40.28 per month
1-1/4 inch meter	\$ 58.80 per month
1-1/2 inch meter	\$ 80.55 per month
2 inch meter	\$ 128.88 per month
3 inch meter	\$ 241.65 per month
4 inch meter	\$ 402.75 per month
6 inch meter	\$ 805.50 per month
8 inch meter	\$1,288.80 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.

RECONNECTION \$25.00

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

TAP FEE

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

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

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

LEAK ADJUSTMENT

\$0.39 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE

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

SCHEDULE I-A

APPLICABILITY

Applicable within the entire territory formerly served by the Kanawha Orchard Public Service District for industrial customers only.

AVAILABILITY

Available for industrial water service.

RATES (customers with metered water supply)

First	3,000 gallons used per month	\$6.23 per 1,000 gallons
Next	7,000 gallons used per month	\$5.93 per 1,000 gallons
All Over	10,000 gallons used per month	\$5.63 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than \$18.69 per month which is the equivalent of 3,000 gallons of water.

5/8-or 3/4-inch meter	\$ 18.69 per month
1 inch meter	\$ 46.72 per month
1-1/2 inch meter	\$ 93.45 per month
2 inch meter	\$ 149.52 per month
4 inch meter	\$ 467.25 per month
6 inch meter	\$ 934.50 per month
8 inch meter	\$1,495.20 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.

RECONNECTION \$15.00

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

TAP FEE

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

A tap fee of \$200.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$200.00 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.

LEAK ADJUSTMENT

\$0.39 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE

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

SCHEDULE 2

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for private fire protection.

RATE

The monthly rate for private fire protection will be \$36.53 per hydrant to sprinkler connection.

FIRE SERVICE TAP FEE

The tap for connection of private fire hydrants or sprinkler connections shall be the actual cost of making said connection.

RECONNECTION \$15.00

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

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.

SCHEDULE 3

APPLICABILITY

Applicable in the entire territory served.

SURCHARGE

Bond Reserve Repayment Surcharge - \$0.064 per 1,000 gallons sold from the effective date of this tariff will be charged in order to eliminate the deficiency in the water bond reserve. This surcharge will be eliminated once the deficiency reaches a zero balance.



# WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joc Manchin, III  
Chairman

Kenneth Lowe, Jr.  
Public Member

Dwight Calhoun  
Public Member

David "Bones" McComas  
Public Member

Ron Justice  
Public Member

Angela K. Chestnut, P.E.  
Executive Director

Barbara J. Pauley  
Administrative Secretary

June 15, 2009

Michael McNulty  
Putnam Public Service District  
P.O. Box 860  
Scott Depot, WV 22560

Re: Putnam Public Service District  
Water Project 2009W-1095

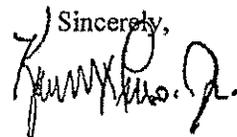
Dear Mr. McNulty:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Putnam Public Service District's (District) preliminary application to replace Filter "A" with new mixed media GAC Filter "D"; replace filter media with mixed media and add manual overrides capabilities to valves on Filter "B" (Project).

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

Upon consideration of the preliminary application, the Council determined that the District should pursue \$727,000 Drinking Water Treatment Revolving Fund American Recovery and Reinvestment Act assistance to fund this project. Please contact the West Virginia Bureau for Public Health at (304) 558-6749 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact the Angela Chestnut at (304) 558-4607 (Ext. 201).

Sincerely,  


Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) (via e-mail)  
Region III Regional Intergovernmental Council  
Ronald McMaine, P.E., Bell Engineering

PUTNAM PUBLIC SERVICE DISTRICT

**Filter D Project**

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 4th day of December, 2009, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Bureau for Public Health (the "BPH"), and the undersigned Chairman of Putnam Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 4th day of December, 2009, the Authority received the Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), of the Issuer, in the principal amount of \$627,000, numbered AR-1 (the "Series 2009 A Bonds"), issued as a single, fully registered Bond, and Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), of the Issuer, in the principal amount of \$100,000, numbered BR-1 (the "Series 2009 B Bonds"), issued as a single, fully registered Bond and both dated December 4, 2009 (collectively, the "Series 2009 Bonds").

2. At the time of such receipt, all the Series 2009 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 2009 A Bonds, of the sum of \$31,258, being a portion of the principal amount of the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be advanced by the Authority and the BPH to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2009 B Bonds, of the sum of \$-0-, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced by the Authority and the BPH to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By:   
Its: Authorized Representative

PUTNAM PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

PUTNAM PUBLIC SERVICE DISTRICT

**Filter D Project**

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2009 BONDS

The Huntington National Bank, as  
Bond Registrar for the Series 2009 Bonds  
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 4th day of December, 2009.

(1) Bond No. AR-1, constituting the entire original issue of the Putnam Public Service District Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), in the principal amount of \$627,000, dated December 4, 2009 (the "Series 2009 A Bonds"), and Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), in the principal amount of \$100,000, dated December 4, 2009 (the "Series 2009 B Bonds") executed by the Chairman and Secretary of Putnam Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on November 19, 2009, and a Supplemental Resolution duly adopted by the Issuer on November 19, 2009 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the ARRA Assistance Agreement dated December 4, 2009 (the "ARRA Assistance Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority");

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the ARRA Assistance Agreement and the Series 2009 A Bonds; and

(5) An executed opinion of nationally recognized bond counsel regarding the validity of the ARRA Assistance Agreement and the Series 2009 B Bonds.

You are hereby requested and authorized to deliver the Series 2009 Bonds to the Authority upon payment to the Issuer of the sum of \$31,258, representing a portion of the principal amount of the Series 2009 A Bonds and \$-0-, representing a portion of the principal amount of the Series 2009 B Bonds. Prior to such delivery of the Series 2009 Bonds, you will please cause the Series 2009 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2009 Bonds, 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.

PUTNAM PUBLIC SERVICE DISTRICT

  
Chairman

847280.00016

# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2009 A  
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$627,000

KNOW ALL MEN BY THESE PRESENTS: That on this 4th day of December, 2009, PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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 SIX HUNDRED TWENTY-SEVEN THOUSAND DOLLARS (\$627,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2011, to and including December 1, 2030 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, to and including December 1, 2030, at the rate of 2% per annum as set forth on said EXHIBIT B.

The Series 2009 A Bonds are not subject to the DWTRF Administrative Fee.

Principal and interest 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 15<sup>th</sup> day of the month next preceding an interest payment date, or by 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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated December 4, 2009.

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"); and (ii) to pay 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 November 19, 2009, and a Supplemental Resolution duly adopted by the Issuer on November 19, 2009 (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 (I) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000, (II) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000, (III) WATER REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000, (IV) WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,190,000, (V) WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,436,000 (COLLECTIVELY THE "PRIOR BONDS"); AND WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED DECEMBER 4, 2009, ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000.

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 2009 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2009 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 2009 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 2009 B Bonds; provided however, that so long as there exists in the Series 2009 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 2009 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, PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

*[Signature]*  
Chairman

ATTEST:

*[Signature]*  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: December 4, 2009.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

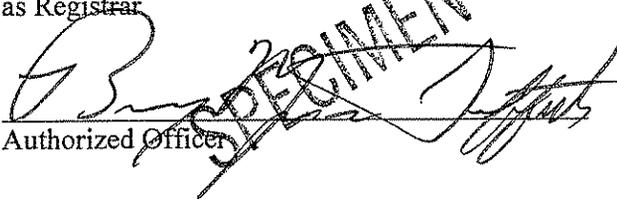
  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$31,258	December 4, 2009	(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**  
Putnam PSD  
20 Years  
2% Interest Rate

Dated Date 11/4/2009  
Delivery  
Date 11/4/2009

Period Ending	Principal	Coupon	Interest	Debt Service
11/4/2009				
3/1/2011	6,394	2.000%	3,135.00	9,529.00
6/1/2011	6,425	2.000%	3,103.03	9,528.03
9/1/2011	6,458	2.000%	3,070.91	9,528.91
12/1/2011	6,490	2.000%	3,038.62	9,528.62
3/1/2012	6,522	2.000%	3,006.17	9,528.17
6/1/2012	6,555	2.000%	2,973.56	9,528.56
9/1/2012	6,588	2.000%	2,940.78	9,528.78
12/1/2012	6,621	2.000%	2,907.84	9,528.84
3/1/2013	6,654	2.000%	2,874.74	9,528.74
6/1/2013	6,687	2.000%	2,841.47	9,528.47
9/1/2013	6,720	2.000%	2,808.03	9,528.03
12/1/2013	6,754	2.000%	2,774.43	9,528.43
3/1/2014	6,788	2.000%	2,740.66	9,528.66
6/1/2014	6,822	2.000%	2,706.72	9,528.72
9/1/2014	6,856	2.000%	2,672.61	9,528.61
12/1/2014	6,890	2.000%	2,638.33	9,528.33
3/1/2015	6,925	2.000%	2,603.88	9,528.88
6/1/2015	6,959	2.000%	2,569.26	9,528.26
9/1/2015	6,994	2.000%	2,534.46	9,528.46
12/1/2015	7,029	2.000%	2,499.49	9,528.49
3/1/2016	7,064	2.000%	2,464.35	9,528.35
6/1/2016	7,099	2.000%	2,429.03	9,528.03
9/1/2016	7,135	2.000%	2,393.53	9,528.53
12/1/2016	7,171	2.000%	2,357.86	9,528.86
3/1/2017	7,207	2.000%	2,322.00	9,529.00
6/1/2017	7,243	2.000%	2,285.97	9,528.97
9/1/2017	7,279	2.000%	2,249.75	9,528.75
12/1/2017	7,315	2.000%	2,213.36	9,528.36
3/1/2018	7,352	2.000%	2,176.78	9,528.78
6/1/2018	7,389	2.000%	2,140.02	9,529.02
9/1/2018	7,425	2.000%	2,103.08	9,528.08
12/1/2018	7,463	2.000%	2,065.95	9,528.95
3/1/2019	7,500	2.000%	2,028.64	9,528.64
6/1/2019	7,537	2.000%	1,991.14	9,528.14
9/1/2019	7,575	2.000%	1,953.45	9,528.45
12/1/2019	7,613	2.000%	1,915.58	9,528.58
3/1/2020	7,651	2.000%	1,877.51	9,528.51
6/1/2020	7,689	2.000%	1,839.26	9,528.26
9/1/2020	7,728	2.000%	1,800.81	9,528.81
12/1/2020	7,766	2.000%	1,762.17	9,528.17
3/1/2021	7,805	2.000%	1,723.34	9,528.34
6/1/2021	7,844	2.000%	1,684.32	9,528.32
9/1/2021	7,883	2.000%	1,645.10	9,528.10
12/1/2021	7,923	2.000%	1,605.68	9,528.68

**BOND DEBT SERVICE**  
Putnam PSD  
20 Years  
2% Interest Rate

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2022	7,962	2.000%	1,566.07	9,528.07
6/1/2022	8,002	2.000%	1,526.26	9,528.26
9/1/2022	8,042	2.000%	1,486.25	9,528.25
12/1/2022	8,082	2.000%	1,446.04	9,528.04
3/1/2023	8,123	2.000%	1,405.63	9,528.63
6/1/2023	8,164	2.000%	1,365.01	9,529.01
9/1/2023	8,204	2.000%	1,324.19	9,528.19
12/1/2023	8,245	2.000%	1,283.17	9,528.17
3/1/2024	8,287	2.000%	1,241.95	9,528.95
6/1/2024	8,328	2.000%	1,200.51	9,528.51
9/1/2024	8,370	2.000%	1,158.87	9,528.87
12/1/2024	8,412	2.000%	1,117.02	9,529.02
3/1/2025	8,454	2.000%	1,074.96	9,528.96
6/1/2025	8,496	2.000%	1,032.69	9,528.69
9/1/2025	8,538	2.000%	990.21	9,528.21
12/1/2025	8,581	2.000%	947.52	9,528.52
3/1/2026	8,624	2.000%	904.62	9,528.62
6/1/2026	8,667	2.000%	861.50	9,528.50
9/1/2026	8,710	2.000%	818.16	9,528.16
12/1/2026	8,754	2.000%	774.61	9,528.61
3/1/2027	8,798	2.000%	730.84	9,528.84
6/1/2027	8,842	2.000%	686.85	9,528.85
9/1/2027	8,886	2.000%	642.64	9,528.64
12/1/2027	8,930	2.000%	598.21	9,528.21
3/1/2028	8,975	2.000%	553.56	9,528.56
6/1/2028	9,020	2.000%	508.69	9,528.69
9/1/2028	9,065	2.000%	463.59	9,528.59
12/1/2028	9,110	2.000%	418.26	9,528.26
3/1/2029	9,156	2.000%	372.71	9,528.71
6/1/2029	9,202	2.000%	326.93	9,528.93
9/1/2029	9,248	2.000%	280.92	9,528.92
12/1/2029	9,294	2.000%	234.68	9,528.68
3/1/2030	9,340	2.000%	188.21	9,528.21
6/1/2030	9,387	2.000%	141.51	9,528.51
9/1/2030	9,434	2.000%	94.58	9,528.58
12/1/2030	9,481	2.000%	47.41	9,528.41
<b>627,000</b>			<b>135,283.50</b>	<b>762,283.50</b>

(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  
PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2009 B  
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

No. BR-1

\$100,000

KNOW ALL MEN BY THESE PRESENTS: That on this 4th day of December, 2009, PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2011, to and including December 1, 2030 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, to and including December 1, 2030, at the rate of 2% per annum as set forth on said EXHIBIT B.

The Series 2009 B Bonds are not subject to the DWTRF Administrative Fee.

Principal and interest 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 15<sup>th</sup> day of the month next preceding an interest payment date, or by 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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated December 4, 2009.

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"); and (ii) 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 November 19, 2009, and a Supplemental Resolution duly adopted by the Issuer on November 19, 2009 (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 (I) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000, (II) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000, (III) WATER REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000, (IV) WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,190,000, (V) WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,436,000 (COLLECTIVELY THE "PRIOR BONDS"); AND WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 4, 2009, ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$627,000.

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 2009 A Bonds, 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 2009 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 2009 A Bonds; provided however, that so long as there exists in the Series 2009 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 2009 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, PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

*Joe Mullen*  
Chairman

ATTEST:

*Paul D. Adams*  
Secretary

SPECIMEN

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: December 4, 2009.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$-0-	December 4, 2009	(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**  
Putnam PSD  
20 Years  
2% Interest Rate

Dated Date 11/4/2009  
Delivery  
Date 11/4/2009

Period Ending	Principal	Coupon	Interest	Debt Service
11/4/2009				
3/1/2011	1,020	2.000%	500.00	1,520.00
6/1/2011	1,025	2.000%	494.90	1,519.90
9/1/2011	1,030	2.000%	489.78	1,519.78
12/1/2011	1,035	2.000%	484.63	1,519.63
3/1/2012	1,040	2.000%	479.45	1,519.45
6/1/2012	1,045	2.000%	474.25	1,519.25
9/1/2012	1,051	2.000%	469.03	1,520.03
12/1/2012	1,056	2.000%	463.77	1,519.77
3/1/2013	1,061	2.000%	458.49	1,519.49
6/1/2013	1,067	2.000%	453.19	1,520.19
9/1/2013	1,072	2.000%	447.85	1,519.85
12/1/2013	1,077	2.000%	442.49	1,519.49
3/1/2014	1,083	2.000%	437.11	1,520.11
6/1/2014	1,088	2.000%	431.69	1,519.69
9/1/2014	1,093	2.000%	426.25	1,519.25
12/1/2014	1,099	2.000%	420.79	1,519.79
3/1/2015	1,104	2.000%	415.29	1,519.29
6/1/2015	1,110	2.000%	409.77	1,519.77
9/1/2015	1,116	2.000%	404.22	1,520.22
12/1/2015	1,121	2.000%	398.64	1,519.64
3/1/2016	1,127	2.000%	393.04	1,520.04
6/1/2016	1,132	2.000%	387.40	1,519.40
9/1/2016	1,138	2.000%	381.74	1,519.74
12/1/2016	1,144	2.000%	376.05	1,520.05
3/1/2017	1,149	2.000%	370.33	1,519.33
6/1/2017	1,155	2.000%	364.59	1,519.59
9/1/2017	1,161	2.000%	358.81	1,519.81
12/1/2017	1,167	2.000%	353.01	1,520.01
3/1/2018	1,173	2.000%	347.17	1,520.17
6/1/2018	1,178	2.000%	341.31	1,519.31
9/1/2018	1,184	2.000%	335.42	1,519.42
12/1/2018	1,190	2.000%	329.50	1,519.50
3/1/2019	1,196	2.000%	323.55	1,519.55
6/1/2019	1,202	2.000%	317.57	1,519.57
9/1/2019	1,208	2.000%	311.56	1,519.56
12/1/2019	1,214	2.000%	305.52	1,519.52
3/1/2020	1,220	2.000%	299.45	1,519.45
6/1/2020	1,226	2.000%	293.35	1,519.35
9/1/2020	1,232	2.000%	287.22	1,519.22
12/1/2020	1,239	2.000%	281.06	1,520.06
3/1/2021	1,245	2.000%	274.86	1,519.86
6/1/2021	1,251	2.000%	268.64	1,519.64
9/1/2021	1,257	2.000%	262.38	1,519.38
12/1/2021	1,264	2.000%	256.10	1,520.10

**BOND DEBT SERVICE**  
Putnam PSD  
20 Years  
2% Interest Rate

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2022	1,270	2.000%	249.78	1,519.78
6/1/2022	1,276	2.000%	243.43	1,519.43
9/1/2022	1,283	2.000%	237.05	1,520.05
12/1/2022	1,289	2.000%	230.63	1,519.63
3/1/2023	1,296	2.000%	224.19	1,520.19
6/1/2023	1,302	2.000%	217.71	1,519.71
9/1/2023	1,309	2.000%	211.20	1,520.20
12/1/2023	1,315	2.000%	204.65	1,519.65
3/1/2024	1,322	2.000%	198.08	1,520.08
6/1/2024	1,328	2.000%	191.47	1,519.47
9/1/2024	1,335	2.000%	184.83	1,519.83
12/1/2024	1,342	2.000%	178.15	1,520.15
3/1/2025	1,348	2.000%	171.44	1,519.44
6/1/2025	1,355	2.000%	164.70	1,519.70
9/1/2025	1,362	2.000%	157.93	1,519.93
12/1/2025	1,369	2.000%	151.12	1,520.12
3/1/2026	1,375	2.000%	144.27	1,519.27
6/1/2026	1,382	2.000%	137.40	1,519.40
9/1/2026	1,389	2.000%	130.49	1,519.49
12/1/2026	1,396	2.000%	123.54	1,519.54
3/1/2027	1,403	2.000%	116.56	1,519.56
6/1/2027	1,410	2.000%	109.55	1,519.55
9/1/2027	1,417	2.000%	102.50	1,519.50
12/1/2027	1,424	2.000%	95.41	1,519.41
3/1/2028	1,431	2.000%	88.29	1,519.29
6/1/2028	1,439	2.000%	81.14	1,520.14
9/1/2028	1,446	2.000%	73.94	1,519.94
12/1/2028	1,453	2.000%	66.71	1,519.71
3/1/2029	1,460	2.000%	59.45	1,519.45
6/1/2029	1,468	2.000%	52.15	1,520.15
9/1/2029	1,475	2.000%	44.81	1,519.81
12/1/2029	1,482	2.000%	37.43	1,519.43
3/1/2030	1,490	2.000%	30.02	1,520.02
6/1/2030	1,497	2.000%	22.57	1,519.57
9/1/2030	1,505	2.000%	15.09	1,520.09
12/1/2030	1,512	2.000%	7.56	1,519.56
	<b>100,000</b>		<b>21,576.46</b>	<b>121,576.46</b>

(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:

\_\_\_\_\_

\_\_\_\_\_



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

December 4, 2009

Putnam Public Service District  
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program)  
Filter D Project

Putnam Public Service District  
Scott Depot, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Bureau for Public Health  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Putnam Public Service District (the "Issuer"), a public service district, public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$627,000 Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of an ARRA Assistance Agreement, dated December 4, 2009, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the ARRA Assistance 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 2% per annum payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, and with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, to and including December 1, 2030, all as set forth in the "Schedule Y" attached to the ARRA Assistance 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 16, Article 13C 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 certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on November 19, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 19, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the ARRA Assistance 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 ARRA Assistance Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the ARRA Assistance 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 ARRA Assistance 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 BPH and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the ARRA Assistance 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 and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000, (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) dated June 19, 1999, issued in the original aggregate principal amount of \$5,425,000, (iii) Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000, (iv) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000, (v) Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000; and (vi) Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), dated December 4, 2009, issued in the original aggregate principal amount of \$100,000 issued simultaneously herewith all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the ARRA Assistance 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,

  
STEPHENS & JOHNSON PLLC

09.01.09  
847280.00016

5193495



**STEPTOE &  
JOHNSON**  
P L L C  
ATTORNEYS AT LAW

Chase Tower, Eighth Floor

P.O. Box 1588

Charleston, WV 25326-1588

(304) 353-8000 (304) 353-8180 Fax

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Writer's Contact Information

December 4, 2009

Putnam Public Service District  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)  
Filter D Project

Putnam Public Service District  
Scott Depot, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Bureau for Public Health  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Putnam Public Service District (the "Issuer"), a public service district, public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$100,000 Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of an ARRA Assistance Agreement, dated December 4, 2009, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the ARRA Assistance 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 2% per annum payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, and with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, to and including December 1, 2030, all as set forth in the "Schedule Y" attached to the ARRA Assistance 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 16, Article 13C 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 certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on November 19, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 19, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the ARRA Assistance 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 ARRA Assistance Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the ARRA Assistance 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 ARRA Assistance 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 BPH and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the ARRA Assistance 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 and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000, (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) dated June 19, 1999, issued in the original aggregate principal amount of \$5,425,000, (iii) Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000, (iv) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000, (v) Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000; and (vi) Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), dated December 4, 2009, issued in the original aggregate principal amount of \$627,000 issued simultaneously herewith all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

  
STEPHENS & JOHNSON PLLC

09.01.09  
847280.00016

5193495

**RALPH W. BASSETT, JR.**  
Attorney At Law  
1156 South Main Street  
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Phone: (304) 743-5573  
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e-mail: [rbassett@bassettlowe.com](mailto:rbassett@bassettlowe.com)

December 4, 2009

Putnam Public Service District  
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)  
**Filter D Project**

Putnam Public Service District  
Scott Depot, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Bureau for Public Health  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Putnam Public Service District in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, an ARRA Assistance Agreement for the Series 2009 Bonds, dated December 4, 2009, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "ARRA Assistance Agreement"), a Bond Resolution duly adopted by the Issuer on November 19, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 19, 2009 (collectively, the "Bond Legislation"), orders of The County Commission of Putnam 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 meanings set forth in the Bond Legislation and the ARRA Assistance Agreement when used herein.

I am of the opinion that:

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

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

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

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

5. The execution and delivery of the Bonds and the ARRA Assistance Agreement and the consummation of the transactions contemplated by the Bonds, the ARRA Assistance 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, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

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

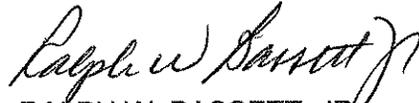
7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the ARRA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

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

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

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

Very truly yours,

  
RALPH W. BASSETT, JR.

LAW OFFICES  
**ROBERT R. RODECKER**  
BB&T SQUARE  
300 SUMMERS STREET, SUITE 1230  
POST OFFICE BOX 3713  
CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER  
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OF COUNSEL  
keishlaw@yahoo.com

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343-1657

December 4, 2009

Putnam Public Service District  
Water Revenue Bonds Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

**Filter D Project**

Putnam Public Service District  
Scott Depot, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

I am special counsel to Putnam Public Service District, a public service district in Putnam County, West Virginia (the "Issuer"). As such counsel, I 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 ARRA Assistance Agreement when used herein.

I am of the opinion that:

1. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from The County Commission of Putnam

County, the BPH and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges.

2. The Issuer has received a Commission Order of the Public Service Commission of West Virginia entered on September 2, 2008, in Case No. 07-0756-PWD-CN among other things, approving the rates for the System. The time for appeal has expired prior to the date hereof without any appeal. The Order remains in full force and effect.

3. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on August 19, 2009, which became Final Order on September 8, 2009, among other things, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal has expired prior to the date hereof without any appeal. The Order remains in full force and effect.

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

Sincerely,



Robert R. Rodecker

RRR/bg

**RALPH W. BASSETT, JR.**  
Attorney At Law  
1156 South Main Street  
Milton, West Virginia 25541  
Phone: (304) 743-5573  
FAX: (304) 743-1150  
e-mail: [rbassett@bassettlowe.com](mailto:rbassett@bassettlowe.com)

**WATER/WASTEWATER PROJECTS  
INFRASTRUCTURE FUND FINANCING**

August 12, 2009

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Bureau for Public Health  
Charleston, West Virginia

Re: Putnam Public Service District  
Filter D at Main Plant  
Deed Book 148, Page 472

Ladies and Gentlemen:

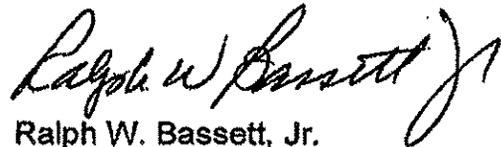
This firm represents the Putnam Public Service District with regard to a proposed project to construct Filter D, Main Plant (the "Project"), and provides this final title opinion on behalf of Putnam Public Service District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the Putnam Public Service District is a duly created and existing Public Service District, possessed with all the powers and authority granted to Public Service Districts under the laws of the State of West Virginia and its board has the full power and authority to construct, operate and maintain the Project as approved by the Bureau of Public Health.
2. That the Putnam Public Service District has obtained approval for all necessary permits and approvals for the construction of the Project.
3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by H. K. Bell Engineering, of Lexington, Kentucky, the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Putnam County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Putnam Public Service District has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

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

Sincerely,

A handwritten signature in cursive script that reads "Ralph W. Bassett, Jr." with a stylized flourish at the end.

Ralph W. Bassett, Jr.

cc: Samme L. Gee, Esquire

PUTNAM PUBLIC SERVICE DISTRICT

**Filter D Project**

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

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. ARRA ASSISTANCE AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. PUBLIC SERVICE COMMISSION ORDER
15. SIGNATURES AND DELIVERY
16. BOND PROCEEDS
17. PUBLICATION OF PSC FILING
18. SPECIMEN BONDS
19. CONFLICT OF INTEREST
20. SAFE DRINKING WATER ACT
21. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Putnam Public Service District, in Putnam County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify this 4th day of

December, 2009 in connection with the \$627,000 Putnam Public Service District Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program) (the "Series 2009 A Bonds"); and \$100,000 Putnam Public Service District Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA) (the "Series 2009 B Bonds"), (collectively the "Series 2009 Bonds") as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on November 19, 2009, and a Supplemental Resolution duly adopted by the Issuer on November 19, 2009 (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 Series 2009 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 Series 2009 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2009 Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Series 2009 Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2009 Bonds, the acquisition and construction of the Project, the operation of the System, if any, or the pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

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 Series 2009 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 Official 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 and execution and delivery by the Issuer of the ARRA Assistance Agreement, and the Issuer has met all conditions prescribed in the ARRA Assistance Agreement entered into between the Issuer and the Authority on behalf of the West Virginia Bureau for Public Health.

There are obligations of the Issuer which will rank on a parity to the Series 2009 Bonds as to liens, pledge and source of and security for payment, being the Issuer's Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of

\$6,440,000, (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000, (iii) Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000, (iv) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000, and (v) Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000 (collectively the "Prior Bonds").

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 2009 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 all the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

ARRA Assistance Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission and Public Service Commission  
Orders regarding Creation and Expansion of District

County Commission Orders Appointing Current  
Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure of Public Service Board

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Consent of USDA

Consent of WDA

Prior Bond Resolutions

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Paul D. Callahan	March 4, 2008	August 31, 2013
Calvin L. Hatfield	August 31, 2009	August 31, 2015
Joe E. Miller	August 31, 2005	August 31, 2011

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2009 are as follows:

Chairperson	-	Joe E. Miller
Secretary	-	Paul D. Callahan
Treasurer	-	Calvin L. Hatfield

The duly appointed and acting counsel to the Issuer is Ralph Bassett, Milton, West Virginia. The duly appointed special counsel to the Issuer is Robert R. Rodecker, 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 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 Series 2009 Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2009 Bonds, the acquisition, construction and financing of the Project and the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

10. ARRA ASSISTANCE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the ARRA Assistance Agreement are true and correct in all material respects as if made on the date hereof; (ii) the ARRA Assistance 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 ARRA Assistance 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 ARRA Assistance Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations made in the ARRA Assistance Agreement.

The Special Conditions of the ARRA Assistance Agreement attached as Exhibit A and hereby agreed to and incorporated herein.

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

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

12. VERIFICATION OF SCHEULE: 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.

13. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on September 2, 2008, in Case No. 07-0756-PWD-CN, approving the rates and charges for the services of the System. The time for appeal has expired prior to the date hereof without any appeal. The Order remains in full force and effect. Counsel to the Issuer expresses no opinion as to this paragraph.

14. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on August 19, 2009, which became Final Order on September 8, 2009, among other things, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal has expired prior to the date hereof without any appeal. The Order remains in full force and effect. Counsel to the Issuer expresses no opinion as to this paragraph.

15. SIGNATURES AND DELIVERY: A. On the date hereof, the undersigned Chairman did officially sign all of the Series 2009 A Bonds of the aforesaid issue, consisting upon original issuance of a single bond, numbered AR-1, dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Series 2009 A Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Series 2009 A Bonds to a representative of the Authority as the original purchaser of the Series

2009 A Bonds under the ARRA Assistance Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

B On the date hereof, the undersigned Chairman did officially sign all of the Series 2009 B Bonds of the aforesaid issue, consisting upon original issuance of a single bond, numbered BR-1, dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Series 2009 B Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Series 2009 B Bonds to a representative of the Authority as the original purchaser of the Series 2009 B Bonds under the ARRA Assistance Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

16. BOND PROCEEDS: A. On the date hereof, the Issuer received \$31,258 from the Authority and the BPH, being a portion of the principal amount of the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

B. On the date hereof, the Issuer received \$-0- from the Authority and the BPH, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

17 PUBLICATION OF NOTICE PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

18. SPECIMEN BONDS: Delivered herewith is a true and accurate specimen of the Series 2009 A Bonds and a true and accurate specimen of the Series 2009 B Bonds.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2009 Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. SAFE DRINKING WATER ACT: The Project as described in the Bond Legislation complies with the Safe Drinking Water Act.

21. EXECUTION IN 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.

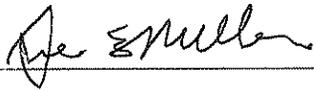
[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman



Secretary

Counsel to Issuer

Special PSC Counsel

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Chairman

\_\_\_\_\_

Secretary

*Ralph W. Bennett Jr.*

Counsel to Issuer

\_\_\_\_\_

Special PSC Counsel

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Chairman

\_\_\_\_\_

Secretary

\_\_\_\_\_

Counsel to Issuer

*Rahut R. Podivka*

Special PSC Counsel

## EXHIBIT A

### Special Conditions – ARRA Funded Projects

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Entity that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Entity.

C. BUY AMERICAN CERTIFICATION – The Local Entity shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and is approved by BPH.

E. CONTRACTS – The Local Entity shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Entity must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING – The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

H. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

J. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by BPH.

K. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Entity.

L. FALSE CLAIMS – The Local Entity must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Entity acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on [www.recovery.gov](http://www.recovery.gov), and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also

comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond contain “(WVDWTRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Entity shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or (a) until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses or (b) new rates have been established by order of the Public Service Commission. The Local Entity shall notify the Authority and the BPH of any action to reduce rates during the eighteen months following completion of construction of the Project.

PUTNAM PUBLIC SERVICE DISTRICT

**Filter D Project**

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

CERTIFICATE OF ENGINEER

On this 4th day of December, 2009, I, Ronald C. McMaine, Registered Professional Engineer, West Virginia License No. 12321 of Bell Engineering, Lexington, Kentucky, hereby certify the following. As used herein, the word certify shall mean an expression of the Consulting Engineer's professional opinion to the best of his information, knowledge and belief, after appropriate due diligence and review, and does not constitute a warranty or guarantee by the Consulting Engineer.

1. My firm is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing public waterworks system (the "System") of Putnam Public Service District (the "Issuer"), to be constructed primarily in Putnam County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned Bonds (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Resolution adopted by the Issuer on November 19, 2009, as supplemented by the Supplemental Resolution adopted by the Issuer on November 19, 2009, and the ARRA Assistance Agreement for the Series 2009 Bonds dated December 4, 2009, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "ARRA Assistance Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying 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 BPH, and any change orders approved by the Issuer, the BPH, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 22 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are

in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A and the Issuer's counsel, Bassett & Lowe, will, prior to the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Bassett & Lowe, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the ARRA Assistance Agreement and the Bond Resolution; (xi) the net proceeds of the Bond, together with all other monies on deposit or to be simultaneously deposited and irrevocably committed therefor, 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 Authority and the BPH; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. I have received the Buy American Certification from each contractor.
5. The Project will service no new customers.

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WITNESS my signature and seal as of the date first written above.



BELL ENGINEERING

*Ronald C. McMaine*

Ronald C. McMaine, P.E.  
West Virginia License 12321

847280.00016

Schedule B

Putnam PSD - Filter D Project

	TOTAL	ARRA (2%, 20 years)	DWTRF (2%, 20 years)	PSD
<b>A. COST OF PROJECT</b>				
1 CONSTRUCTION				
Contract #1 (Ameritcon)	596,150	100,000	496,150	0
2 TECHNICAL SERVICES (Bell)				
Preliminary*	0	0	0	0
Design*	0	0	0	0
Bidding	10,000	0	10,000	0
Construction	14,000	0	14,000	0
Inspection	15,315	0	15,315	0
Additional Services	4,000	0	4,000	0
3 LEGAL & FISCAL				
Legal/Accounting (Bassett)	2,625	0	0	2,625
Legal PSC (Rodecker)	475	0	0	475
4 ADMINISTRATIVE				
Administrative	508	0	258	250
5 Sites & Other Lands	0	0	0	0
6 CONTINGENCY	66,277	0	66,277	0
7 SUBTOTAL	709,350	100,000	606,000	3,350
<b>B. COST OF FINANCING</b>				
8 Funded Reserve	0	0	0	0
9 Registrar fees	1,000	0	1,000	0
10 Bond Counsel	20,000	0	20,000	0
11 Cost of Financing	21,000	0	21,000	0
12 TOTAL Cost of Project	730,350	100,000	627,000	3,350
<b>C. SOURCES OF FUNDS</b>				
13 State Grants	0	0	0	0
14 Other sources (PSD)	3,350	0	0	3,350
15 Total Grants	3,350	0	0	3,350
15 Net proceeds from Bond Issuance	727,000	100,000	627,000	0

\* Design paid from other sources



Putnam PSD

12/4/09

Date



Engineer

12/4/09

Date

PUTNAM PUBLIC SERVICE DISTRICT

Filter D Project

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

CERTIFICATE AS TO USE OF PROCEEDS

On this 4th day of December, 2009, the undersigned Chairman of the Public Service Board of Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$627,000 Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program) (the "Series 2009 A Bonds"), and \$100,000 Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA) (the "Series 2009 B Bonds") of the Issuer, both dated December 4, 2009 (collectively, the "Bonds"), hereby certify 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 November 19, 2009, as supplemented by Supplemental Resolution adopted November 19, 2009 (collectively, the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 4, 2009, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal of the 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 Bureau for Public Health (the "BPH"), 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 2009 A Bonds were sold on December 4, 2009, to the Authority, pursuant to a ARRA Assistance Agreement dated December 4, 2009, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$627,000 (100% of par), at which time, the Issuer received \$31,258 from the Authority and the BPH, being the first advance of the principal amount of the Series 2009 A Bonds. No accrued interest has been or will be paid on the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2009 B Bonds were sold on December 4, 2009, to the Authority, pursuant to a ARRA Assistance Agreement dated December 4, 2009, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$100,000 (100% of par), at which time, the Issuer received \$-0- from the Authority and the BPH, being the first advance of the principal amount of the Series 2009 B Bonds. No accrued interest has been or will be paid on the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping 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, and with the exception of proceeds deposited in the respective Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December 1, 2010. The acquisition and construction of the Project is expected to be completed by June 1, 2010

9. The total cost of the Project is estimated at \$730,350. Sources and uses of funds for the Project are as follows:

<u>SOURCES</u>	
Proceeds of the Series 2009 A Bonds	\$627,000
Proceeds of the Series 2009 B Bonds	100,000
<u>Issuer Contribution</u>	<u>3,350</u>
Total Sources	\$730,350
 <u>USES</u>	
Costs of Acquisition and Construction of the Project	\$709,350
<u>Costs of Issuance</u>	<u>21,000</u>
Total Uses	\$730,350

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2009 Bonds Construction Trust Fund;
- (4) Series 2009 A Bonds Sinking Fund;
- (5) Series 2009 A Bonds Reserve Account;
- (6) Series 2009 B Bonds Sinking Fund; and
- (7) Series 2009 B Bonds Reserve Account.

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

- (1) Series 2009 A Bond proceeds in the amount of \$-0- will be deposited in the Series 2009 A Bonds Sinking Fund to cover capitalized interest.
- (2) Series 2009 A Bond proceeds in the amount of \$-0- will be deposited in the Series 2009 A Bonds Reserve Account to cover capitalized interest.
- (3) All proceeds of the Series 2009 A Bonds will be deposited in the Series 2009 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 2009 Bonds and related costs.
- (4) Series 2009 B Bond proceeds in the amount of \$-0- will be deposited in the Series 2009 B Bonds Sinking Fund to cover capitalized interest.
- (5) Series 2009 B Bond proceeds in the amount of \$-0- will be deposited in the Series 2009 B Bonds Reserve Account to cover capitalized interest.
- (6) All proceeds of the Series 2009 B Bonds will be deposited in the Series 2009 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 2009 Bonds and related costs.

12. Monies held in the Series 2009 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 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 2009 A Bonds Sinking Fund and Series 2009 A Bonds Reserve Account, if any, will be

withdrawn therefrom and deposited into the Series 2009 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.

13. Monies held in the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2009 B Bonds Sinking Fund and Series 2009 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2009 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.

14. 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 6 months of the date hereof.

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

16. With the exception of the amount deposited in the Series 2009 A Bonds Reserve Account or Series 2009 B Bonds Reserve Account, if any, all of the proceeds of the Series 200 Bonds will be expended on the Project within 12 months from the date of issuance thereof.

17. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

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

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

20. 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.

21. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

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

23. 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.

24. The Bonds are not federally guaranteed.

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

26. The Issuer has either (a) funded the Series 2009 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 2009 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 A Bonds Reserve Account hold 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 2009 A Bonds Reserve Account, if any, and the Series 2009 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.

27. The Issuer has either (a) funded the Series 2009 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; or (b) created the Series 2009 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 B Bonds Reserve Account hold 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 2009 B Bonds Reserve Account, if any, and the Series 2009 B 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.

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

29. 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.

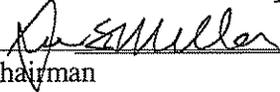
30. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

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WITNESS my signature as of the date first written above.

PUTNAM PUBLIC SERVICE DISTRICT

  
Chairman

847280.00016

**BASSETT & LOWE**  
CERTIFIED PUBLIC ACCOUNTANTS  
1156 SOUTH MAIN STREET  
MILTON, WEST VIRGINIA 25541  
Phone: (304) 743-5573 FAX: (304) 743-1150  
Toll Free: 1-800-720-9629  
e-mail: [rbassett@bassettlowe.com](mailto:rbassett@bassettlowe.com)  
e-mail: [rlowe@bassettlowe.com](mailto:rlowe@bassettlowe.com)

December 4, 2009

Putnam Public Service District  
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)  
**Filter D Project**

Putnam Public Service District  
Scott Depot, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Bureau for Public Health  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Order dated September 2, 2008 in Case No. 07-0756-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage of Putnam Public Service District, it is my opinion that such rates and charges will be sufficient to provide revenues to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Water Revenue Bonds, Series 2009 A Bonds (West Virginia DWTRF Program) to be issued in the aggregate principal amount of \$627,000 and Water Revenue Bonds, Series 2009 B Bonds (West Virginia DWTRF Program/ARRA) to be issued in the aggregate principal amount of \$100,000 and all other obligations secured by or payable from the revenues of the System on a parity with the Bonds, including the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000, (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000, (iii) Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000, (iv) Water

Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000, and (v) Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000 (collectively, the "Prior Bonds").

It is my further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds, and (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, if any, 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 Bonds and the Prior Bonds.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ralph W. Bassett, Jr.", written in black ink.

RALPH W. BASSETT, JR., CPA

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

ORDER APPROVING AND RATIFYING THE ACQUISITION OF THE ASSETS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE EXPANSION OF THE BOUNDARIES OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE CHANGE OF THE NAME OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT TO PUTNAM PUBLIC SERVICE DISTRICT.

WHEREAS, South Putnam Public Service District (hereinafter "South Putnam") is a public service district and public corporation created by Resolution of The County Commission of Putnam County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, North Putnam Public Service District (hereinafter "North Putnam") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act, originally named "East Kanawha Public Service District", which name has previously been changed by the County Commission to "North Putnam Public Service District";

WHEREAS, the County Commission adopted a resolution on July 8, 2003, approving the transfer of the assets of North Putnam to South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Final Order entered on September 5, 2003, approved the transfer of the assets of North Putnam to South Putnam, subject to the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 22, 2003, approving the dissolution of North Putnam and expanding the boundaries of South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-0536-PSWD-PC, by Final Order entered on November 5, 2003, approved the dissolution of North Putnam and the expansion of the boundaries of South Putnam, subject to the transfer of the assets of North Putnam to South Putnam as approved in Case No. 03-1042-PSWD-PC and the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 25, 2005, changing the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Commission Order entered on June 7, 2006, approved the change of the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the bondholders of the Districts;

WHEREAS, the West Virginia Water Development Authority, as the holder of the Sewer Revenue Bonds, Series 1993 (the "Series 1993 Bonds") heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1993 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Sewer Revenue Bonds, Series 1975 (the "Series 1975 Bonds") heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 2002 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1979 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2006 A Bonds and Series 2006 B Bonds heretofore issued by South Putnam

has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;" and

WHEREAS, it is now deemed desirable by the County Commission to adopt a Resolution approving and ratifying the transfer of the Assets of North Putnam to South Putnam and the assumption by South Putnam of the Series 1975 Bonds and Series 1993 Bonds, ratifying and confirming all lawful actions taken by all parties and their counsel to effectuate and complete such transfer and assumption, ordering the Public Service Boards of North Putnam and South Putnam to expeditiously take all actions necessary to consummate and complete the transaction, ordering North Putnam be dissolved immediately following the consummation of the transfer and assumption, and further ordering that the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District" be effective immediately upon the consummation of the transfer and assumption.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED BY THE COUNTY COMMISSION OF PUTNAM COUNTY AS FOLLOWS:

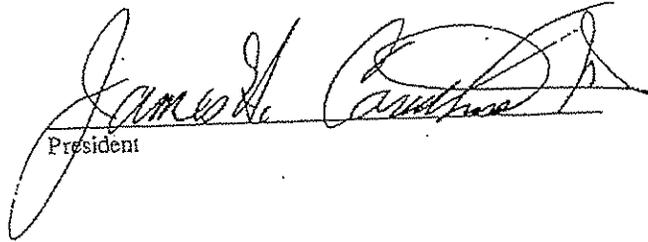
1. That the transfer of the assets of North Putnam to South Putnam and assumption by South Putnam of the Series 1975 Bonds and Series 1993 Bonds (collectively, the "Transfer and Assumption") is hereby ratified, confirmed and, upon execution and filing of necessary documents by the Public Service Boards of the respective Districts, in all respects deemed completed and to be effective as of the close of business on June 30, 2006.
2. That all lawful actions taken, or to be taken, by the parties to this transaction and their counsel to effectuate and complete the Transfer and Assumption are hereby ratified and confirmed.
3. That the Public Service Boards of North Putnam and South Putnam are hereby ordered to expeditiously take all actions necessary to consummate and complete the Transfer and Assumption.
4. That, immediately following the consummation of the Transfer and Assumption, North Putnam shall be dissolved.
5. That, immediately following the consummation of the Transfer and Assumption, the boundaries of South Putnam shall be expanded and the name of South Putnam Public Service District shall be changed to "Putnam Public Service District."

6. The Transfer and Assumption of North Putnam, the expansion of South Putnam's boundaries, the name change to Putnam Public Service District and the dissolution of North Putnam shall all become effective as of the close of business on June 30, 2006.

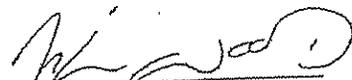
7. This Resolution and Order shall be effective immediately following adoption hereof.

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ENTERED into the permanent record of Putnam County, West Virginia, this  
27th day of June, 2006.

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Clerk

06.25.06  
847280.00004

CH746424.4

NORTH PUTNAM PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING THE TRANSFER OF THE ASSETS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE ASSIGNMENT OF THE BONDS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT TO SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT

WHEREAS, North Putnam Public Service District (hereinafter "North Putnam") is a public service district and public corporation created by Resolution of The County Commission of Putnam County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, South Putnam Public Service District (hereinafter "South Putnam") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the Public Service Board of North Putnam adopted a resolution on July 11, 2000, following a duly noticed public hearing, authorizing the transfer of the assets of North Putnam to South Putnam and the assignment of the North Putnam Public Service District Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of \$605,000, originally issued under the name "East Kanawha Public Service District" (the "Series 1975 Bonds") and the North Putnam Public Service District Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of \$267,000 (the "Series 1993 Bonds") to South Putnam;

WHEREAS, the County Commission adopted a resolution on July 8, 2003, approving the transfer of the assets of North Putnam to South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Final Order entered on September 5, 2003, approved the transfer of the assets of North Putnam to South Putnam and the assignment of the Series 1975 Bonds and the Series 1993 Bonds to South Putnam (collectively, the "Transfer and Assignment"), subject to the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 22, 2003, approving the dissolution of North Putnam and expanding the boundaries of South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-0536-PSWD-PC, by Final Order entered on November 5, 2003, approved the dissolution of North Putnam and the expansion of the boundaries of South Putnam, subject to the transfer of the assets of North Putnam to South Putnam as approved in Case No. 03-1042-PSWD-PC and the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 25, 2005, changing the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Commission Order entered on June 7, 2006, approved the change of the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the bondholders of the Districts;

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 1993 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1993 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1975 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 2002 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1979 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2006 A Bonds and Series 2006 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, The County Commission of Putnam County plans to adopt a resolution on June 27, 2006, approving and ratifying the proposed Transfer and Assumption, the dissolution of North Putnam, the expansion of the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, the Board of South Putnam plans to adopt a resolution on June 27, 2006, approving and ratifying the proposed Transfer and Assumption;

WHEREAS, contemporaneously with the transfer of the assets of North Putnam to South Putnam, North Putnam desires to assign, and South Putnam desires to assume all liabilities for and obligations under the Series 1975 Bonds and the Series 1993 Bonds; and

WHEREAS, it is in the best interest of the customers of South Putnam and North Putnam to complete the proposed Transfer and Assumption, to convey all assets, rights, privileges, immunities and powers of North Putnam to South Putnam, for South Putnam to assume and re-designate the Series 1975 Bonds and the Series 1993 Bonds, for North Putnam to be dissolved, for the boundaries of South Putnam to be expanded and for the name of South Putnam Public Service District to be changed to Putnam Public Service District.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, PUTNAM COUNTY, WEST VIRGINIA AS FOLLOWS:

1. North Putnam does hereby authorize and ratify the transfer of the assets of North Putnam to South Putnam, the assignment of the Series 1975 Bonds and the Series 1993 Bonds to South Putnam and the dissolution of North Putnam.
2. That, immediately following the consummation of the Transfer and Assumption on or about June 30, 2006, North Putnam shall be dissolved.
3. The Chairman and Secretary of North Putnam are hereby authorized and directed to execute all documents concerning the Transfer and Assumption, specifically including, but not limited to, the assignment of the Series 1975 Bonds and the Series 1993 Bonds.
4. The Chairman and Secretary of North Putnam are hereby authorized and directed to execute all documents concerning the dissolution of North Putnam.
5. The Chairman and Secretary of North Putnam are vested with the appropriate authority to take any and all actions necessary to complete Transfer and Assumption and the dissolution of North Putnam.
6. This Resolution shall become effective immediately upon adoption hereof.

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Adopted by the Public Service Board of North Putnam Public Service District  
at a meeting held on the 27th day of June, 2006.

NORTH PUTNAM PUBLIC SERVICE DISTRICT

[SEAL]

*Kary Sigman*  
Chairman

*Patricia A. Belwood*  
Secretary

06.21.06  
847280.00004

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING THE ACQUISITION OF THE ASSETS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE ASSUMPTION AND RE-DESIGNATION OF THE BONDS OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, THE EXPANSION OF THE BOUNDARIES OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE CHANGE OF THE NAME OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT TO PUTNAM PUBLIC SERVICE DISTRICT

WHEREAS, South Putnam Public Service District (hereinafter "South Putnam") is a public service district and public corporation created by Resolution of The County Commission of Putnam County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, North Putnam Public Service District (hereinafter "North Putnam") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the Public Service Board of North Putnam adopted a resolution on July 11, 2000, following a duly noticed public hearing, authorizing the transfer of the assets of North Putnam to South Putnam and the assignment of the North Putnam Public Service District Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of \$605,000, originally issued as "East Kanawha Public Service District" (the "Series 1975 Bonds") and the North Putnam Public Service District Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program), dated March 30, 1993, issued in the original aggregate principal amount of \$267,000 (the "Series 1993 Bonds") to South Putnam;

WHEREAS, the County Commission adopted a resolution on July 8, 2003, approving the transfer of the assets of North Putnam to South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Final Order entered on September 5, 2003, approved the transfer of the assets of North Putnam to South Putnam and the assignment of the Series 1975 Bonds and the Series 1993 Bonds to South Putnam (collectively, the "Transfer and Assignment"), subject to the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 22, 2003, approving the dissolution of North Putnam and expanding the boundaries of South Putnam, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-0536-PSWD-PC, by Final Order entered on November 5, 2003, approved the dissolution of North Putnam and the expansion of the boundaries of South Putnam, subject to the transfer of the assets of North Putnam to South Putnam as approved in Case No. 03-1042-PSWD-PC and the approval of the bondholders of the Districts;

WHEREAS, the County Commission adopted a resolution on April 25, 2005, changing the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 03-1042-PSWD-PC, by Commission Order entered on June 7, 2006, approved the change of the name of South Putnam Public Service District to "Putnam Public Service District," subject to the approval of the bondholders of the Districts;

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 1993 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1993 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1975 Bonds heretofore issued by North Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds by South Putnam, the dissolution of North Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the West Virginia Water Development Authority, as the holder of the Series 2002 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District";

WHEREAS, the United States Department of Agriculture - Rural Development, as the holder of the Series 1979 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2006 A Bonds and Series 2006 B Bonds heretofore issued by South Putnam has consented to the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds by South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, The County Commission of Putnam County adopted a resolution on June 27, 2006, approving and ratifying the proposed Transfer and Assumption, the dissolution of North Putnam, the expansion of the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District;"

WHEREAS, the Board of North Putnam adopted a resolution on June 22, 2006, approving and ratifying the proposed Transfer and Assumption and the dissolution of North Putnam;

WHEREAS, contemporaneously with the acquisition of the assets of North Putnam by South Putnam, North Putnam desires to assign, and South Putnam desires to assume all liabilities for and obligations under the Series 1975 Bonds and the Series 1993 Bonds;

WHEREAS, contemporaneously with the assumption of the Series 1975 Bonds and the Series 1993 Bonds, South Putnam desires to re-designate the Series 1975 Bonds and the Series 1993 Bonds as sewer revenue bonds of South Putnam; and

WHEREAS, it is in the best interest of the customers of South Putnam and North Putnam to complete the proposed Transfer and Assumption, to convey all assets, rights, privileges, immunities and powers of North Putnam to South Putnam, for South Putnam to assume and re-designate the Series 1975 Bonds and the Series 1993 Bonds, for North Putnam to be dissolved, for the boundaries of South Putnam to be expanded and for

the name of South Putnam Public Service District to be changed to Putnam Public Service District.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, PUTNAM COUNTY, WEST VIRGINIA AS FOLLOWS:

1. South Putnam does hereby authorize and ratify the acquisition of the assets of North Putnam by South Putnam, the assumption of the Series 1975 Bonds and the Series 1993 Bonds and the re-designation of the Series 1975 Bonds and the Series 1993 Bonds as bonds of South Putnam.

2. South Putnam does hereby authorize and ratify the assumption of all liabilities, rights, responsibilities and obligations in connection with the Series 1975 Bonds and the Series 1993 Bonds, specifically including, but not limited to, those liabilities, rights, responsibilities and obligations set forth in the resolutions and loan agreements for the Series 1975 Bonds and the Series 1993 Bonds.

3. Upon the assumption of the Series 1975 Bonds by South Putnam, such bonds shall be re-designated as follows:

South Putnam Public Service District Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) (Formerly North Putnam Public Service District Sewer Revenue Bonds, Series 1975)

4. Upon the assumption of the Series 1993 Bonds by South Putnam, such bonds shall be re-designated as follows:

South Putnam Public Service District Sewer Revenue Bonds, Series 1993 (West Virginia SRF Program) (Formerly North Putnam Public Service District Sewer Revenue Bonds, Series 1993)

5. That, immediately following the consummation of the Transfer and Assumption as of the close of business on June 30, 2006, the boundaries of South Putnam shall be expanded and the name of South Putnam Public Service District shall be changed to "Putnam Public Service District."

6. Upon the change of the name of South Putnam to "Putnam Public Service District," all outstanding bonds of the District shall noted with the new name of Putnam Public Service District.

7. The Chairman and Secretary of South Putnam are hereby authorized and directed to execute all documents concerning the Transfer and Assumption, specifically including, but not limited to, the assumption of the Series 1975 Bonds and the Series 1993 Bonds, and the re-designation of the Series 1975 Bonds and the Series 1993 Bonds as sewer revenue bonds of South Putnam.

8. The Chairman and Secretary of South Putnam are hereby authorized and directed to execute all documents concerning the expansion of the boundaries of South Putnam and the change of the name of South Putnam Public Service District to "Putnam Public Service District."

9. The Chairman and Secretary of South Putnam are vested with the appropriate authority to take any and all actions necessary to complete Transfer and Assumption, the expansion of boundaries and the name change of South Putnam.

10. The statutory mortgage liens of the Series 1975 Bonds and the Series 1993 Bonds is hereby assumed by South Putnam and are a valid lien against the System as of the date of assumption, on a parity with one another and with South Putnam's other first lien bonds.

11. The Transfer and Assumption of North Putnam, the expansion of South Putnam's boundaries, the name change to Putnam Public Service District and the dissolution of North Putnam shall all become effective as of the close of business on June 30, 2006.

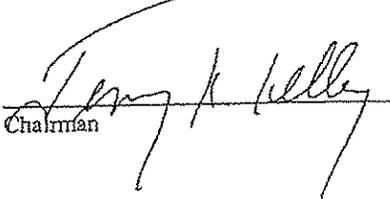
12. This Resolution shall become effective immediately upon adoption hereof.

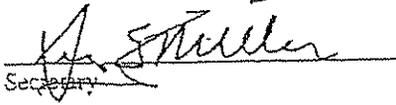
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Adopted by the Public Service Board of South Putnam Public Service District  
at a meeting held on the 27th day of June, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[SEAL]

  
Chairman

  
Secretary

06.25.06  
847280.00004

7.6.06

ESTABLISHED 1900

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THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY  
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LEGAL ADVERTISEMENT

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON  
CASE NO. 03-1042-PSWD-PC  
SOUTH PUTNAM PUBLIC SERVICE  
DISTRICT

NOTICE OF NAME CHANGE

By a Recommended Decision issued September 5, 2003 (Final Commission Order, September 25, 2003) the Commission approved the transfer of the North Putnam Public Service District's public-utility system to the South Putnam Public Service District.

On April 28, 2006, the South Putnam Public Service District filed a "Petition to Reopen" requesting approval to change the name of the district to "Putnam Public Service District."

According to West Virginia Code § 16-13A-4(f), a name change as requested by South Putnam requires the approval of the West Virginia Public Service Commission and the written consent of any existing holders of bonds or notes issued by South Putnam.

By a Commission Order entered June 7, 2006 the Commission granted its approval of the name change and further ordered South Putnam to provide notice to its customers upon receiving the written consent of its bond and note holders. Such approval was received.

Accordingly, please note that the new name of the South Putnam Public Service District shall be: "Putnam Public Service District."

PUTNAM PUBLIC SERVICE  
DISTRICT

7-6-11

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,  
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for..One..(1) consecutive issues, in its issues dated .... July 6, 2006..

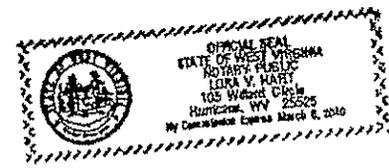
*Ron Allen*

The Hurricane Breeze

Subscribed and sworn to before me this..10th.....day of.... July ....., 2006..

*Lora V Hart*

Notary Public



031042coma060706.wpd

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 7th day of June, 2006.

CASE NO. 03-1042-PSWD-PC

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
and NORTH PUTNAM PUBLIC SERVICE DISTRICT

Joint petition for consent and approval for  
the sale of North Putnam Public Service  
District's utility system to South Putnam  
Public Service District.

COMMISSION ORDER

On July 9, 2003 the South Putnam Public Service District (South Putnam) and the North Putnam Public Service District (North Putnam) filed a joint petition seeking Commission consent and approval for the transfer of North Putnam's public utility system (utility system) to South Putnam. In support of the joint petition, South Putnam and North Putnam stated:

- (1) The proposed transfer of the North Putnam utility system to South Putnam will be conducive to the preservation of the public health, comfort and convenience of Putnam County;
- (2) Pursuant to an Operation and Maintenance Agreement (O&M Agreement) previously entered into between the Petitioners and approved by the Commission in Case No. 00-1134-PSWD-PC (November 14, 2000), South Putnam has been operating and maintaining the utility system of North Putnam;
- (3) In the O&M Agreement, North Putnam granted unto South Putnam the exclusive right and option to purchase North Putnam's existing public utility system for the consideration of One Dollar (\$1.00), and the complete assumption of any outstanding indebtedness owed by North Putnam to the Rural Utilities Service (RUS), West Virginia Water Development Authority (WDA) and City National Bank;

(4) South Putnam has been working with the U.S. Army Corps of Engineers in developing a sewer upgrade project for the area currently served by the sewer facilities of North Putnam Public Service District. The Corps of Engineers, which is providing grant monies for the sewer upgrade project, has notified South Putnam that, before the proposed project can move forward, South Putnam will need to acquire the facilities of North Putnam. Therefore, South Putnam wishes to exercise its option to purchase North Putnam's public utility assets pursuant to the O&M Agreement;

(5) The Putnam County Commission has adopted a Resolution proposing (1) the expansion of South Putnam's territory to include the entire territory in Putnam County located north of the Kanawha River and not contained within the boundaries of any municipal or private utility, which area contains the operating territory of North Putnam Public Service District; (2) the dissolution of North Putnam Public Service District; and (3) the rescission of a portion of a March 4, 1993 County Commission Order insofar as it purported to merge Putnam Union Public Service District and North Putnam Public Service District and create a new North Putnam Public Service District. Pursuant to the requirements of *West Virginia Code* § 16-13A-2, the County Commission has filed the appropriate documents with the Public Service Commission seeking its approval of the County Commission's actions. See, Case No. 03-0536-PSWD-PC;

(6) On August 3, 2000, the Board of North Putnam held a hearing pursuant to the requirements of *West Virginia Code* § 16-13A-18a. Following the hearing, at which no member of the public appeared, North Putnam unanimously approved the transfer of that district's assets to South Putnam. A copy of the minutes of the August 3, 2000 meeting was attached to the joint petition as Exhibit 1. A copy of the affidavit of publication notifying the public of the hearing to be held on August 3, 2000 was attached as Exhibit 2. A copy of the resolution of the Board of North Putnam authorizing the Board to undertake all actions necessary to effectuate the transfer of its system to South Putnam was attached to the petition as Exhibit 3;

(7) On July 8, 2003, the County Commission of Putnam County, West Virginia, unanimously passed a resolution approving the action of North Putnam in seeking to transfer its system to South Putnam, subject to the approval of the Public Service Commission and subject to the further approval of North Putnam's bondholders. A copy of the resolution of the County Commission was attached to the petition as Exhibit 4; and

(8) In order for South Putnam to obtain the necessary funds for the construction of needed sewer facilities in the territory of North Putnam, it is necessary that South Putnam have ownership of North Putnam's current utility assets.

On July 10, 2003 counsel for the Petitioners filed original verifications for the joint petition filed herein on July 9, 2003.

On August 12, 2003 Staff Attorney Ronald E. Robertson, Jr., filed an "Initial and Final Joint Staff Memorandum." An "Initial and Final Internal Memorandum" dated August 5, 2003 from William A. Nelson, Utilities Analyst Supervisor, Water and Wastewater Division, and Jonathan Fowler, P.E., Engineer I, Engineering Division, was attached thereto. Commission Staff (Staff) stated that, based upon its review of the petition and exhibits attached thereto, South Putnam and North Putnam had met the requirements of *West Virginia Code* § 16-13A-18a regarding the sale of North Putnam's utility system to South Putnam. Staff, after noting the Putnam County Commission's pending Case No. 03-0536-PSWD-PC, seeking Commission approval, in part, to dissolve North Putnam and expand South Putnam's boundaries to encompass the current service area of North Putnam, stated that the sale of North Putnam's utility system had to be approved and finalized prior to the dissolution actually occurring.<sup>1</sup> Staff went on to note that approval of the sale of North Putnam's utility system to South Putnam had to be made subject to obtaining bondholder approval. Thus, RUS, WDA and City National Bank had to give their consent to the proposed sale. Accordingly, Staff requested that copies of the consents to the proposed sale executed by RUS, WDA and City National Bank be filed in this proceeding when received. In addition, it was noted that the proposed acquisition of North Putnam's utility system by South Putnam will require South Putnam to adopt and maintain the current North Putnam rates and charges in accordance with Rule 14.1<sup>2</sup> of the Commission's *Rules for the Construction and Filing of*

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<sup>1</sup> Staff noted that it intended to file its final recommendation in the dissolution case concurrently with the filing of its final recommendation in this proceeding, which would allow final orders to be issued on or about the same date in both cases. However, since a hearing scheduled for September 19, 2003 must be held in Case No. 03-0536-PSWD-PC regarding the dissolution of North Putnam, Staff was of the opinion that it was likely that the acquisition of North Putnam's utility system by South Putnam would be approved first, with approval of North Putnam's dissolution to follow some time thereafter.

<sup>2</sup>*Tariff Rule 14.1* states:

In case of change of ownership or control of a utility, or, when a utility or a part of its business is transferred from the operating control of one company to that of another, or, when its name is changed, the company,

*Tariffs (Tariff Rules)*. Staff noted that it would typically recommend that the purchasing utility file for a rate review approximately eighteen (18) months following acquisition. However, South Putnam had a sewer rate case, Case No. 03-1041-PSD-42T, pending before the Commission which addressed both its rates and those to be charged to the North Putnam customers. Staff stated that it had no problem with the North Putnam rates being reviewed as part of that proceeding, but the proposed sale *sub judice* had to be approved and South Putnam had to adopt the current North Putnam rates pending the outcome of the rate review in Case No. 03-1041-PSD-42T. Accordingly, Staff recommended approval of the joint petition filed herein, contingent upon North Putnam obtaining bondholder approval and South Putnam adopting and maintaining the current North Putnam rates and charges. Staff also recommended that this matter be retained by the Commission in order to expedite its processing.

By Order dated August 28, 2003 the Commission referred this matter to the Division of Administrative Law Judges (ALJ) for further disposition, with a decision due date of September 25, 2003.

On September 5, 2003 the assigned ALJ issued a Recommended Decision ordering the following:

IT IS, THEREFORE, ORDERED that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District seeking Commission consent and approval for the transfer of North Putnam Public Service District's public utility system to South Putnam Public Service District be, and hereby is, approved.

IT IS FURTHER ORDERED that the approval hereby granted is contingent upon North Putnam Public Service District and South Putnam Public Service District obtaining the approval of North Putnam Public Service District's three (3) bondholders, namely the Rural Utilities Service, the West Virginia Water Development Authority and City National Bank, and filing copies of said approval(s) herein immediately upon receipt.

IT IS FURTHER ORDERED that the approval hereby granted is further contingent upon South Putnam Public Service District filing with the

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which will thereafter operate the utility business, must use the rates, classifications and rules and regulations of the former operating company (unless authorized to change by the Commission).

Commission's Tariff Office within thirty (30) days of the date that this Order becomes final, an appropriate tariff adopting the rates and charges now in effect for North Putnam Public Service District's customers.

The ALJ's Recommended Decision became a Final Order of the Commission on September 25, 2003.

On April 28, 2006 South Putnam filed a "Petition to Reopen" noting that South Putnam is in the process of finalizing the acquisition, and that the bond issuance associated therewith is anticipated to occur in June of 2006. The filing noted that by Order entered April 25, 2006 the County Commission of Putnam County changed the official name of South Putnam to "Putnam Public Service District" contingent upon approval of the Public Service Commission and the written consent of any existing holders of bonds or notes issued by South Putnam. So that a new bond issuance scheduled to occur in June of 2006 will include the new name of the "Putnam Public Service District," the petition requested expedited treatment.

On June 1, 2006 Staff filed its "Initial and Final Joint Staff Memorandum." Therein, Staff recommended approval of the name change of the South Putnam Public Service District to the "Putnam Public Service District" subject to the filing of the written consent of any existing holders of bonds or notes issued by South Putnam, pursuant to *West Virginia Code* § 16-13A-4(f). Staff further recommended that South Putnam provide notice to its customers of the new name. Staff also recommended that South Putnam be authorized to change all of its outstanding loans and bank accounts to the name of "Putnam Public Service District" after bond holder approval is received.

On June 5, 2006 South Putnam filed a letter in response to the Initial and Final Joint Staff Memorandum filed on June 1, 2006. The letter from South Putnam stated, in part, the following:

Please be advised that the bondholders will not grant their consent until the Commission has granted approval to the name change. Therefore, in order to clarify what Staff is recommending without delaying this matter any further so that the bonds anticipated to be issued shortly may be issued in the new name of the District, it is respectfully requested that the Commission's Order approving the name change contain language to the effect that the name change is approved "conditioned upon the District providing the Commission with written proof of the approval of the bondholders." [Emphasis in original.]

Regarding public notice to the District's customers, the District will adhere to any post-approval publication of notice to its customers of the name change that the Commission may require in its Order.

#### DISCUSSION

*West Virginia Code* § 16-13A-4(f) reads as follows:

(f) ... . The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided*, That such name change will not be effective until approved by the public service commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

Rule 14 of the Commission's *Tariff Rules* reads in part as follows:

§150-2-14. Change of Ownership.

14.1. RULE 31. In case of change of ownership or control of a utility, or when a utility or a part of its business is transferred from the operating control of one company to that of another, or when its name is changed, the company which will thereafter operate the utility business must use the rates, classifications and rules and regulations of the former operating company, (unless authorized to change by the Commission).

14.4. RULE 34. Within thirty (30) days after the Commission approves an application filed pursuant to Rule 14.1., said utility shall issue and file in its own name the tariff of the predecessor utility then in effect and adopted by it, or such other tariff as it proposes to put into effect in lieu thereof, as prescribed in Rules 1 through 13 hereof with proper identifying

designation. (Example: P.S.C. W. Va. No. 1 cancels P.S.C. W. Va. No. 1 of [insert predecessor utility]).

14.6. RULE 36. When a tariff or revision is issued by a utility in compliance with Rule 34 which states the rates, rules and regulations of the predecessor utility without change in any of the provisions thereof, the same may be filed without notice, but when such tariff or revision states any change in the effect of the rates, rules and regulations of the predecessor utility, such tariff or revision shall be subject in all respects as to filing and notice as required by these Rules. [Emphasis added.]

*West Virginia Code* § 16-13A-4(f) describes two actions that must occur prior to a name change becoming effective. The Commission must approve it. Additionally, the owners of the bonds and notes issued by the district must consent in writing. The two approvals are not contingent upon one another; each occurs independently of the other.

The Commission shall grant its approval for the name change. The Commission shall also require that South Putnam provide documentation evidencing the bond holders' written approval.

*Tariff Rule* 14.6 permits the Commission to require the utility to provide notice to its customers of the name change. The Commission shall do so by this order but shall modify the notice requirement by requiring South Putnam to provide notice to its customers by publishing a copy of the attached "Notice of Name Change."

Finally, the Commission shall require South Putnam to file a revised tariff containing its new name as approved herein.

#### FINDINGS OF FACT

1. South Putnam requested approval to change its name to "Putnam Public Service District." See, Petition to Reopen filed April 28, 2006.
2. The County Commission of Putnam County adopted an Order on April 25, 2006 approving the proposed name change pursuant to *West Virginia Code* § 16-13A-4(f).

#### CONCLUSIONS OF LAW

1. The Commission shall approve the requested name change.

2. The Commission shall require South Putnam to provide documentation evidencing the bond holders' written approval.

3. The Commission shall require South Putnam to provide notice to its customers of the name change by way of publication.

4. It is also reasonable to require South Putnam to file a revised tariff containing its new name as approved herein.

#### ORDER

IT IS THEREFORE ORDERED that the request by the South Putnam Public Service District to change its name to "Putnam Public Service District" is hereby approved.

IT IS FURTHER ORDERED that South Putnam shall provide the Commission with documentation evidencing that the owners of any bonds and/or notes issued by South Putnam have consented, in writing, to the name change, as soon as such documentation is available.

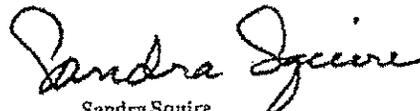
IT IS FURTHER ORDERED that upon written approval by the bond and/or note holders, South Putnam shall publish the attached Notice of Name Change one time in a newspaper published in the county or counties where its customers are located. South Putnam shall file an affidavit of publication upon receipt of such document.

IT IS FURTHER ORDERED that South Putnam shall file with the Commission's Tariff Office an original and five (5) copies of a proper tariff reflecting its name change to Putnam Public Service District within thirty (30) days of the date of written approval by the bond and/or note holders of the name change.

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

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

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

JJW/klm  
031042ca.wpd

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

CASE NO. 03-1042-PSWD-PC  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

NOTICE OF NAME CHANGE

By a Recommended Decision issued September 5, 2003 (Final Commission Order, September 25, 2003) the Commission approved the transfer of the North Putnam Public Service District's public utility system to the South Putnam Public Service District.

On April 28, 2006 the South Putnam Public Service District filed a "Petition to Reopen" requesting approval to change the name of the district to "Putnam Public Service District."

According to *West Virginia Code* § 16-13A-4(f) a name change as requested by South Putnam requires the approval of the West Virginia Public Service Commission and the written consent of any existing holders of bonds or notes issued by South Putnam.

By a Commission Order entered June 7, 2006 the Commission granted its approval of the name change and further ordered South Putnam to provide notice to its customers upon receiving the written consent of its bond and note holders. Such approval was received.

Accordingly, please note that the new name of the South Putnam Public Service District shall be: "Putnam Public Service District."

PUTNAM PUBLIC SERVICE DISTRICT

EXHIBIT NO. 1  
Page 1 of 2

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

RE: SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
West Virginia Code §16-13A-4(f)  
Request for Official Name Change

ORDER

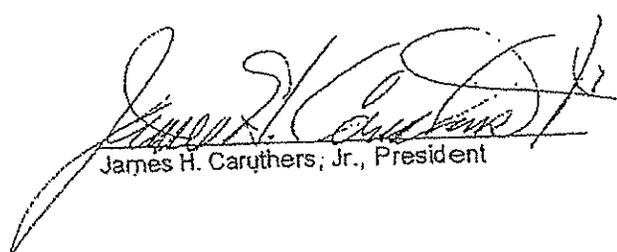
On the 25th day of April, 2006, came South Putnam Public Service District and filed a request, pursuant to *West Virginia Code §16-13A-4(f)*, for an official name change of South Putnam Public Service District to Putnam Public Service District.

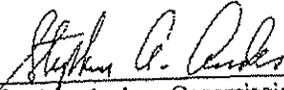
*West Virginia Code §16-13A-4(f)* provides that any such name change shall not take effect until approved by the Public Service Commission of West Virginia and the written consent of the owners of any bonds or notes issued by the District.

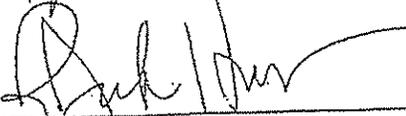
IT IS THEREFORE ORDERED that, pursuant to *West Virginia Code §16-13A-4(f)*, the official name of South Putnam Public Service District shall be changed to Putnam Public Service District effective upon approval of the Public Service Commission of West Virginia and the written consent of the owners of any bonds or notes issued by the District.

ENTERED into the permanent record of Putnam County, West Virginia, this

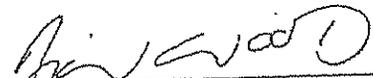
25th day of April, 2006.

  
James H. Caruthers, Jr., President

  
\_\_\_\_\_  
Stephen Andes, Commissioner

  
\_\_\_\_\_  
R. Joseph Haynes, Commissioner

ATTEST:

  
\_\_\_\_\_  
CLERK

030536ALJ101603.wpd

03-YY

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

ORIGINAL

Entered: October 16, 2003.

CASE NO. 03-0536-PSWD-PC

PUTNAM COUNTY COMMISSION.

Petition for consent and approval to expand the boundaries of South Putnam Public Service District and to dissolve North Putnam Public Service District, and for rescission of the March 4, 1993 County Commission Order.

JOURNAL  
11-5-03

RECOMMENDED DECISION

PROCEDURE

On April 29, 2003, the Putnam County Commission (PCC), filed a petition with the Public Service Commission pursuant to *West Virginia Code* §16-13A-2 seeking approval of an Order of the PCC, entered on or about April 22, 2003, to expand the boundaries of South Putnam Public Service District (SPPSD), to dissolve North Putnam Public Service District (NPPSD) and to rescind, in part, a March 4, 1993 County Commission Order.

On May 20, 2003, Staff Attorney Ronald E. Robertson, Jr., Esquire, filed an Initial Joint Staff Memorandum, attaching the May 7, 2003 Initial Internal Memorandum from Utilities Analyst Supervisor William A. Nelson, Water and Wastewater Division, indicating that, once it had completed its investigation of the petition, Commission Staff would render a recommendation.

On June 2, 2003, the Commission entered the Commission Referral Order, referring this case to the ALJ Division for decision on or before November 6, 2003.

Responding to all of the above, on July 29, 2003, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a Monday, August 18, 2003 hearing date. The Order required the PCC to publish a Notice of Hearing once a week for two consecutive weeks in a newspaper duly qualified by the Secretary of State, published and generally circulated in Putnam County and to notify the two affected public service districts by United States Certified Mail.

The ALJ convened the August 18, 2003 hearing as scheduled. The transcript of the August 18, 2003 hearing will be designated "Tr., Vol. I". No one appeared at the hearing to protest the

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proposed action. However, the ALJ learned at the hearing that, although the PCC properly notified the two affected public service districts, as evidenced by two United States Certified Mail Domestic Return Receipt cards presented by the PCC, the PCC published the Notice of Hearing only in *The Charleston Gazette*, which is not a newspaper "duly qualified by the Secretary of State, published and generally circulated in Putnam County". The newspapers qualified by the Secretary of State for publishing legal advertisements to give notice in Putnam County are *The Hurricane Breeze* and *The Putnam Democrat*.

Responding to all of the above, on August 20, 2003, the ALJ issued an Order Adopting New Procedural Schedule, including a September 19, 2003 hearing date and requiring PCC to publish the Notice of Hearing in at least one of the newspapers qualified by the Secretary of State for publishing legal advertisements in Putnam County, i.e., *The Hurricane Breeze* and *The Putnam Democrat*.

On September 19, 2003, the ALJ convened the second hearing as scheduled. The transcript of the September 19, 2003 hearing will be designated "Tr., Vol. II". Commission Staff appeared by counsel, Staff Attorney Robertson, and the PCC, which did not make a formal appearance by counsel, appeared by its County Administrator. Again, no one appeared to protest the petition.

The only evidence presented was documentary, with Staff presenting two exhibits and the PCC submitting two exhibits.

#### EVIDENCE

The parties stipulated to the documentary evidence.

The ALJ received the August 11, 2003 Final Joint Staff Memorandum, attaching the August 5, 2003 Final Internal Memorandum from Utilities Analyst Supervisor William A. Nelson, Water and Wastewater Division, in evidence as Staff Exhibit No. 1. Commission Staff recommended that the Commission approve the petition. (See, Tr., Vol. I, generally).

The ALJ received a publication affidavit indicating that the County Commission had published the Notice of Hearing for the August 18, 2003 hearing, on August 5 and 12, 2003, in *The Charleston Gazette*, in evidence as Staff Exhibit No. 2. (See, Tr., Vol. I, generally).

The ALJ received two United States Certified Mail Domestic Return Receipt green cards into evidence as County Commission Exhibit No. 1. (See, Tr., Vol. I, generally).

The ALJ received two publication affidavits indicating that the County Commission had published the Notice of Hearing, for the September 19, 2003 hearing, on August 28 and September 4, 2003, in *The Hurricane Breeze*, a newspaper published and generally circulated in Putnam County. (See, Tr., Vol. II, generally).

Staff Attorney Robertson noted on the record that, on September 5, 2003, a Recommended Decision had been entered in Case No. 03-1042-PSWD-PC, *South Putnam Public Service District and North Putnam Public Service District*, wherein the South Putnam Public Service District was authorized to acquire the North Putnam Public Service District. (See, Tr., Vol. II, generally).

The September 5, 2003 Recommended Decision, final on September 25, 2003, included the following ordering paragraphs:

IT IS, THEREFORE, ORDERED that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District seeking Commission consent and approval for the transfer of North Putnam Public Service District's public utility system to South Putnam Public Service District be, and hereby is, approved.

IT IS FURTHER ORDERED that the approval hereby granted is contingent upon North Putnam Public Service District and South Putnam Public Service District obtaining the approval of North Putnam Public Service District's three (3) bondholders, namely the Rural Utilities Service, the West Virginia Water Development Authority and City National Bank, and filing copies of said approval(s) herein immediately upon receipt.

IT IS FURTHER ORDERED that the approval hereby granted is further contingent upon South Putnam Public Service District filing with the Commission's Tariff Office within thirty (30) days of the date that this Order becomes final, an appropriate tariff adopting the rates and charges now in effect for North Putnam Public Service District's customers.

#### DISCUSSION

Having considered all of the above, the ALJ holds that he will grant the April 29, 2003 petition, filed with the Commission pursuant to *West Virginia Code* §16-13A-2, seeking approval of an Order of the PCC, entered on or about April 22, 2003, to expand the boundaries of South Putnam Public Service District, to dissolve North Putnam Public Service District and to rescind, in part, a March 4, 1993 County Commission Order. This approval is contingent upon each of the affected public service districts obtaining the approval of their respective bondholders and filing copies of said approvals immediately upon receipt.

#### FINDINGS OF FACT

1. The Putnam County Commission filed a petition with the Public Service Commission under *West Virginia Code* §16-13A-2 seeking approval of an Order of the PCC, entered on or about April 22, 2003, to expand the boundaries of South Putnam Public Service District, to dissolve North

Putnam Public Service District and to rescind, in part, a March 4, 1993 County Commission Order. (See, April 29, 2003 petition).

2. Commission Staff has recommended approving the petition. (See, Staff Exhibit No. 1).

3. The County Commission properly published the Notice of Hearing for the September 19, 2003 hearing, and no one appeared at the hearing to protest to petition. (See, Tr., Vols., I and II, generally; County Commission Exhibit No. 1).

4. A recommended decision has been entered in Case No. 03-1042-PSWD-PC, *South Putnam Public Service District and North Putnam Public Service District*, wherein the South Putnam Public Service District was authorized to acquire the North Putnam Public Service District. (See, Tr., Vol. II, generally; Recommended Decision, entered September 5, 2003, final September 25, 2003).

#### CONCLUSIONS OF LAW

1. For all of the reasons set forth in Finding of Fact Nos. 2 and 3, it is reasonable to grant the petition.

2. It is reasonable to condition the approval contingent upon each of the affected public service districts obtaining the approval of their respective bondholders and filing copies of said approvals immediately upon receipt.

#### ORDER

IT IS, THEREFORE, ORDERED that the Order of the Putnam County Commission, entered on or about April 22, 2003, expanding the boundaries of South Putnam Public Service District, dissolving North Putnam Public Service District and rescinding, in part, a March 4, 1993 County Commission Order, be, and hereby is, approved.

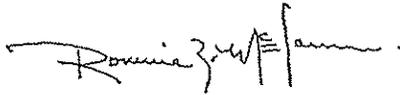
IT IS FURTHER ORDERED that the approval hereby granted is contingent upon each of the affected public service districts obtaining the approval of their respective bondholders and filing copies of said approvals immediately upon receipt.

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

Leave hereby is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this Recommended Decision 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 Recommended Decision 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 recommended decision by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann  
Deputy Chief Administrative Law Judge

RZM:s  
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PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

ORIGINAL

Entered: September 5, 2003

CASE NO. 03-1042-PSWD-PC

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
and NORTH PUTNAM PUBLIC SERVICE DISTRICT  
Joint petition for consent and approval  
for the sale of North Putnam Public  
Service District's utility system to  
South Putnam Public Service District.

FINAL

9.25.03RECOMMENDED DECISION

On July 9, 2003, the South Putnam Public Service District (South Putnam) and the North Putnam Public Service District (North Putnam) filed a joint petition seeking Commission consent and approval for the transfer of North Putnam's public utility system (utility system) to South Putnam. In support of the joint petition, South Putnam and North Putnam stated:

(1) The proposed transfer of the North Putnam utility system to South Putnam will be conducive to the preservation of the public health, comfort and convenience of Putnam County;

(2) Pursuant to an Operation and Maintenance Agreement (O&M Agreement) previously entered into between the Petitioners and approved by the Commission in Case No. 00-1134-PSWD-PC (November 14, 2000), South Putnam has been operating and maintaining the utility system of North Putnam;

(3) In the O&M Agreement, North Putnam granted unto South Putnam the exclusive right and option to purchase North Putnam's existing public utility system for the consideration of One Dollar (\$1.00), and the complete assumption of any outstanding indebtedness owed by North Putnam to the Rural Utilities Service (RUS), West Virginia Water Development Authority (WDA) and City National Bank;

(4) South Putnam has been working with the U.S. Army Corps of Engineers in developing a sewer upgrade project for the area currently served by the sewer facilities of North Putnam Public Service District. The Corps of Engineers, which is providing grant monies for the sewer upgrade project, has notified South Putnam that, before the proposed project can move forward, South Putnam will need to acquire the facilities of North Putnam. Therefore, South Putnam wishes to exercise its option to purchase North Putnam's public utility assets pursuant to the O&M Agreement;

(5) The Putnam County Commission has adopted a Resolution proposing (1) the expansion of South Putnam's territory to include the entire territory in Putnam County located north of the Kanawha River and not contained within the boundaries of any municipal or private utility, which area contains the operating territory of North Putnam Public Service District; (2) the dissolution of North Putnam Public Service District; and (3) the rescission of a portion of a March 4, 1993 County Commission Order insofar as it purported to merge Putnam Union Public Service District and North Putnam Public Service District and create a new North Putnam Public Service District. Pursuant to the requirements of West Virginia Code §16-13A-2, the County Commission has filed the appropriate documents with the Public Service Commission seeking its approval of the County Commission's actions. See, Case No. 03-0536-PSWD-PC;

(6) On August 3, 2000, the Board of North Putnam held a hearing pursuant to the requirements of West Virginia Code §16-13A-18a. Following the hearing, at which no member of the public appeared, North Putnam Public Service District unanimously approved the transfer of that district's assets to South Putnam Public Service District. A copy of the minutes of the August 3, 2000 meeting is attached to the joint petition as Exhibit 1. A copy of the affidavit of publication notifying the public of the hearing to be held on August 3, 2000, is attached as Exhibit 2. A copy of the resolution of the Board of North Putnam authorizing the Board to undertake all actions necessary to effectuate the transfer of its

system to South Putnam is attached to the petition as Exhibit 3;

(7) On July 8, 2003, the County Commission of Putnam County, West Virginia, unanimously passed a resolution approving the action of North Putnam in seeking to transfer its system to South Putnam, subject to the approval of the Public Service Commission and subject to the further approval of North Putnam's bondholders. A copy of the resolution of the County Commission is attached to the petition as Exhibit 4; and

(8) In order for South Putnam to obtain the necessary funds for the construction of needed sewer facilities in the territory of North Putnam, it is necessary that South Putnam have ownership of North Putnam's current utility assets.

On July 10, 2003, counsel for the Petitioners filed original Verifications for the joint petition filed herein on July 9, 2003.

On August 12, 2003, Staff Attorney Ronald E. Robertson, Jr., filed an Initial and Final Joint Staff Memorandum. An Initial and Final Internal Memorandum dated August 5, 2003, from William A. Nelson, Utilities Analyst Supervisor, Water and Wastewater Division, and Jonathan Fowler, P.E., Engineer I, Engineering Division, was attached thereto. Commission Staff stated that, based upon its review of the petition and exhibits attached thereto, South Putnam and North Putnam had met the requirements of West Virginia Code §16-13A-18a, regarding the sale of North Putnam's utility system to South Putnam. Commission Staff, after noting the Putnam County Commission's pending Case No. 03-0536-PSWD-PC, seeking Commission approval, in part, to dissolve North Putnam and expand South Putnam's boundaries to encompass the current service area of North Putnam, stated that the sale of North Putnam's utility system had to be approved and finalized prior to the dissolution actually occurring.<sup>1</sup> Commission Staff went on to note that approval of the sale of North

<sup>1</sup>Commission Staff noted that it intended to file its final recommendation in the dissolution case concurrently with the filing of its final recommendation in this proceeding, which would allow final orders to be issued on or about the same date in both cases. However, since a hearing scheduled for September 19, 2003, must be held in Case No. 03-0536-PSWD-PC regarding the dissolution of North Putnam, Commission Staff was of the opinion that it was likely that the acquisition of North Putnam's utility system by South Putnam would be approved first, with approval of North Putnam's dissolution to follow some time thereafter.

Putnam's utility system to South Putnam had to be made subject to obtaining bondholder approval. Thus, RUS, WDA and City National Bank had to give their consent to the proposed sale. Accordingly, Commission Staff requested that copies of the consents to the proposed sale executed by RUS, WDA and City National Bank be filed in this proceeding when received. In addition, it was noted that the proposed acquisition of North Putnam's utility system by South Putnam will require South Putnam to adopt and maintain the current North Putnam rates and charges in accordance with Rule 14.1<sup>2</sup> of the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules). Commission Staff noted that it would typically recommend that the purchasing utility file for a rate review approximately eighteen (18) months following acquisition. However, South Putnam has a sewer rate case, Case No. 03-1041-PSD-42T, currently pending before the Commission which addresses both its rates and those to be charged to the North Putnam customers. Commission Staff stated that it had no problem with the North Putnam rates being reviewed as part of that proceeding, but the proposed sale sub judice had to be approved and South Putnam had to adopt the current North Putnam rates pending the outcome of the rate review in Case No. 03-1041-PSD-42T. Accordingly, Commission Staff recommended approval of the joint petition filed herein, contingent upon North Putnam obtaining bondholder approval and South Putnam adopting and maintaining the current North Putnam rates and charges. Commission Staff also recommended that this matter be retained by the Commission itself in order to expedite its processing.

By Order dated August 28, 2003, the Commission referred this matter to the Division of Administrative Law Judges for further disposition, with a decision due date of September 25, 2003.

#### FINDINGS OF FACT

1. On July 9, 2003, the South Putnam Public Service District and the North Putnam Public Service District filed a joint petition seeking Commission consent and approval for the transfer of North Putnam's public utility system to South Putnam. (See, July 9, 2003 filing).

Tariff Rule 14.1 states:

In case of change of ownership or control of a utility, or, when a utility or a part of its business is transferred from the operating control of one company to that of another, or, when its name is changed, the company, which will thereafter operate the utility business, must use the rates, classifications and rules and regulations of the former operating company (unless authorized to change by the Commission).

2. South Putnam has been operating and maintaining the North Putnam system since the Commission approved the O&M Agreement between the two districts in Case No. 00-1134-PSWD-PC (November 14, 2000). South Putnam also holds the exclusive right and option to purchase the North Putnam system. (See, petition filed July 9, 2003).

3. South Putnam has been working with the U.S. Army Corps of Engineers to develop a sewer upgrade project for the North Putnam area, but, before the project can move forward, South Putnam must acquire the North Putnam facilities. (See, petition filed July 9, 2003).

4. Commission Staff recommended that the joint petition be approved, contingent upon obtaining the approval of North Putnam's three (3) bondholders and South Putnam adopting and maintaining North Putnam's current rates and charges until further order of the Commission. (See, Initial and Final Joint Staff Memorandum and attachment filed August 12, 2003).

#### CONCLUSION OF LAW

Upon consideration of all of the above, the undersigned Administrative Law Judge is of the opinion that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District, seeking Commission consent and approval for the transfer of North Putnam's public utility system to South Putnam, should be approved, contingent upon North Putnam and South Putnam obtaining the approval of North Putnam's three (3) bondholders, namely the Rural Utilities Service, the West Virginia Water Development Authority and City National Bank, and further contingent upon South Putnam filing an appropriate revised tariff with the Commission's Tariff Office adopting and maintaining the current North Putnam rates and charges for the former North Putnam customers, pending the outcome of the rate review in Case No. 03-1041-PSD-42T.

#### ORDER

IT IS, THEREFORE, ORDERED that the joint petition filed herein on July 9, 2003, by South Putnam Public Service District and North Putnam Public Service District seeking Commission consent and approval for the transfer of North Putnam Public Service District's public utility system to South Putnam Public Service District be, and hereby is, approved.

IT IS FURTHER ORDERED that the approval hereby granted is contingent upon North Putnam Public Service District and South Putnam Public Service District obtaining the approval of North Putnam Public Service District's three (3) bondholders, namely the Rural Utilities Service, the West

Virginia Water Development Authority and City National Bank, and filing copies of said approval(s) herein immediately upon receipt.

IT IS FURTHER ORDERED that the approval hereby granted is further contingent upon South Putnam Public Service District filing with the Commission's Tariff Office within thirty (30) days of the date that this Order becomes final, an appropriate tariff adopting the rates and charges now in effect for North Putnam Public Service District's customers.

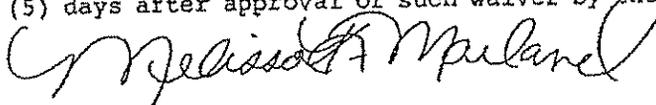
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

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.



Melissa K. Marland  
Chief Administrative Law Judge

MKM/JPC:pst  
031042a.wpd

## PUTNAM COUNTY COMMISSION

RESOLUTION

WHEREAS, the North Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the North side of the Kanawha River;

WHEREAS, the South Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the South side of the Kanawha River;

WHEREAS, the South Putnam Public Service District has the manpower and expertise to operate and manage the affairs of the North Putnam Public Service District;

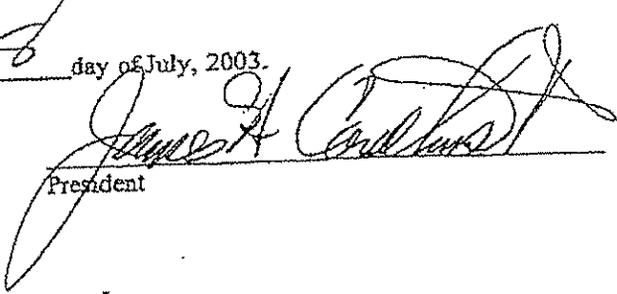
WHEREAS, the Board of the North Putnam Public Service District has, after hearing held August 3, 2000, unanimously approved the transfer of the North Putnam Public Service District to the South Putnam Public Service District; and

WHEREAS, the County Commission of Putnam County deems it to be in the best interests of the citizens of Putnam County for North Putnam Public Service District to transfer its assets to South Putnam Public Service District subject to the approval of the Public Service Commission of West Virginia and subject further to the approval of bondholders.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA:

The Board of North Putnam Public Service District, is authorized to undertake all actions necessary to transfer the assets of the North Putnam Public Service District, subject to the approval of the Public Service Commission of West Virginia as provided in West Virginia Code §16-13A-18a, and subject to the further approval of bondholders.

Adopted this 8 day of July, 2003.

  
\_\_\_\_\_  
President

*Carrie Withrow*  
Commissioner

*Stephen P. Lyles*  
Commissioner

4-12-03



CHARLESTON NEWSPAPERS

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Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS

LEGAL ADVERTISING INVOICE

BOOK 076 PAGE 897

Table with 2 columns: Field Name, Value. Includes INVOICE DATE (04/14/03), ACCOUNT NBR (087242002), SALES REP ID (0060), INVOICE NBR (021398001).

BILLED TO

PUTNAM CO. COMMISSION
ATTN: LINDA MCCLANAHAN
3389 WINFIELD RD
WINFIELD WV 25213 USA

Please return this portion with your payment.
Make checks payable to: Charleston Newspapers

AMOUNT PAID: \_\_\_\_\_



CHARLESTON NEWSPAPERS

P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
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1-800-WVA-NEWS
FEDIN 55-0676079

Table with 2 columns: Field Name, Value. Includes INVOICE DATE (04/14/03), ACCOUNT NBR (087242002), SALES REP ID (0060), INVOICE NBR (021398001).

Legal pricing is based upon 63 words per column inch.

Each successive insertion is discounted by 25% of the first insertion rate.

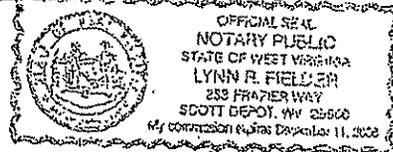
The Daily Mail is at a rate of \$.11 per word, and the Charleston Gazette is at a rate of \$.11 per word.

Main invoice table with columns: DATE, TYPE, CODE, DESCRIPTION, QUANTITY, RATE, AMOUNT, etc. Includes rows for EXPANSION on 04/12 and a TOTAL INVOICE AMOUNT of 242.56.

INV. APPD. BY [Signature]
CHARGE TO A.C. # 401-20
PO# 15326

State of West Virginia, AFFIDAVIT OF PUBLICATION

I, [Signature] of



THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER, published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of EXPANSION

was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County West Virginia, on the 14TH day of APRIL 2003. Published during the following dates: 04/12/03-04/12/03

Subscribed and sworn to before me this 15 day of April
Printers fee \$ 242.56

[Signature]
Notary Public of Kanawha County, West Virginia

LEGAL ADVERTISEMENT	STATEMENT	LEGAL ADVERTISEMENT
<p>BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY, A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT AND THE REVISION OF AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1971, IN PART.</p> <p>WHEREAS, West Virginia Code §16-15-4 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and</p> <p>WHEREAS, West Virginia Code §16-15-2 provides that a County Commission may dissolve a public service district if it is found to be inactive and</p> <p>WHEREAS, South Putnam Public Service District currently has authority to provide water and sewer service in parts of Putnam County and has been operating North Putnam Public Service District pursuant to an Operation and Maintenance Agreement and</p> <p>WHEREAS, South Putnam Public Service District proposes to acquire the public utility assets of North Putnam Public Service District and operate such facilities as a part of the South Putnam Public Service District;</p> <p>WHEREAS, with the acquisition of North Putnam Public Service District assets and the takeover of its sewer operations, North Putnam will become inactive and</p> <p>WHEREAS, the records of the County Commission reveal that on March 4, 1971 the County Commission adopted a prior plan to merge Putnam Union Public Service District and</p>	<p>and create a new North Putnam Public Service District; but that plan was discarded due to numerous reasons; and</p> <p>WHEREAS, it is now deemed desirable by said County Commission to expand the boundaries of South Putnam Public Service District to include the entire territory of North Putnam Public Service District for the provision of sewer service and it is deemed desirable to dissolve North Putnam Public Service District and to eliminate any confusion that may exist as to the prior plan to merge Putnam Union Public Service District with North Putnam Public Service District and create a new North Putnam Public Service District by expanding such prior order;</p> <p>NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, West Virginia, that the expansion of the boundaries of South Putnam Public Service District to include the entire territory of Putnam County, West Virginia, be approved; and that the County Commission of Putnam County, West Virginia, be authorized to execute the expansion of the boundaries of South Putnam Public Service District to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility authorized by such municipal or private utility for the provision of sewer service;</p> <p>That upon the expansion of the boundaries of South Putnam Public Service District as provided for herein, the North Putnam Public Service District be dissolved;</p> <p>That in order to eliminate any possible confusion with prior orders of the County Commission, the Order of the County Commission entered on March 4, 1971 be rescinded insofar as it purported to merge Putnam Union Public Service District and North Putnam Public Service District and create a</p>	<p>new North Putnam Public Service District;</p> <p>That the County Commission of Putnam County, West Virginia, will hold a hearing on the proposed expansion of the boundaries of South Putnam Public Service District and the dissolution of North Putnam Public Service District on</p> <p>April 22, 2003 at the Putnam County Courthouse in Winfield at 10:00 o'clock a.m.</p> <p>That the Clerk of the County Commission shall cause notice of hearing and a description of all of the territory proposed to be included in the territory of South Putnam Public Service District to be published as a Class 1 legal advertisement for a period of 10 days prior to the hearing;</p> <p>That the County Commission of Putnam County shall post the notice of the hearing and the proposed expansion of the boundaries of South Putnam Public Service District and the proposed dissolution of North Putnam Public Service District in at least five conspicuous places within the territory of both South Putnam Public Service District and North Putnam Public Service District;</p> <p>That the Clerk of the County Commission shall cause a copy of this resolution and order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days prior to the hearing set forth herein.</p> <p>ENTERED into the permanent record of Putnam County, West Virginia, this 28th day of March, 2003.</p> <p>Attest: Michael W. Elliott Clerk (042817)</p>

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
 I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.  
 Given under my hand and seal of said commission

at Winfield, West Virginia, this the 28th day of April 2003  
 MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By Regina Hall Deputy

BOOK 076 PAGE 898

LEGAL ADVERTISEMENT	STATEMENT	LEGAL ADVERTISEMENT
<p>BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY.</p> <p>A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE REVISION OF AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1993.</p> <p>WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand the territory of public service districts in order to achieve efficiency of operations and...</p> <p>WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may dissolve a public service district and its territory...</p> <p>WHEREAS, South Putnam Public Service District currently has authority to provide water and sewer services in parts of Putnam County and has been operating North Putnam Public Service District pursuant to an Operational and Maintenance Agreement...</p> <p>WHEREAS, South Putnam Public Service District proposes to acquire the public utility assets of North Putnam Public Service District and operate such facilities as part of the South Putnam Public Service District and...</p> <p>WHEREAS, with the acquisition of North Putnam Public Service District's assets and the takeover of its sewer operations, North Putnam will become inactive...</p> <p>WHEREAS, the records of the County Commission reveal that on March 4, 1993, the County Commission adopted a prior plan to merge Putnam Union Public Service District</p>	<p>and create a new North Putnam Public Service District but that plan was not carried out due to numerous reasons...</p> <p>WHEREAS, it is deemed desirable by said County Commission to expand the boundaries of South Putnam Public Service District to include the entire territory of North Putnam Public Service District by the provision of sewer service and it is deemed North Putnam Public Service District and to eliminate any confusion that may exist as to the prior plan to merge Putnam Union Public Service District with North Putnam Public Service District and create a new North Putnam Public Service District by providing such prior order...</p> <p>NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE County Commission of Putnam County, West Virginia, upon its own motion, to propose the expansion of the boundaries of South Putnam Public Service District to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility for sewer utility services...</p> <p>That upon the expansion of the boundaries of South Putnam Public Service District, the North Putnam Public Service District be dissolved...</p> <p>That in order to eliminate any possible confusion with prior orders of the County Commission, the Order of the County Commission entered on March 4, 1993, be rescinded insofar as it pertained to merge Putnam Union Public Service District and North Putnam Public Service Districts and create a</p>	<p>new North Putnam Public Service District.</p> <p>That the County Commission of Putnam County, West Virginia, shall hold a hearing on the proposed expansion of the boundaries of South Putnam Public Service District and the dissolution of North Putnam Public Service District on April 22, 2003, in the Putnam County Courthouse, Winfield, West Virginia.</p> <p>That the Clerk of the County Commission shall cause notice of hearing and a description of all of the territory proposed to be included in the territory of South Putnam Public Service District to be published as of last possible advertisement of least ten (10) days before the date that the County Commission of Putnam County shall pass the notice of the hearing and the proposed expansion of the boundaries of South Putnam Public Service District and the proposed dissolution of North Putnam Public Service District unless the parties to such order shall file a stipulation to the effect that the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days before the hearing on the proposed expansion of the boundaries of South Putnam Public Service District and the proposed dissolution of North Putnam Public Service District.</p> <p>ENTERED into the permanent record of Putnam County, West Virginia, this 28th day of April, 2003.</p> <p>Attest: Michael W. Elliott Clerk (042317)</p>

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE

I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.

Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 28<sup>th</sup> day of April 2003

MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By Regina Hull Deputy

BOOK 076 PAGE 898

# NORTH PUTNAM PUBLIC SERVICE DISTRICT



POST OFFICE BOX 59  
BANCROFT, WV 25011

Patti Babcock, Secretary/Treasurer  
Gary Sigman, Chairperson

North Putnam Public Service District  
Special Meeting  
August 3, 2000  
MINUTES

MEMBERS PRESENT: Gary Sigman, Brent Null, Patti Babcock  
STAFF PRESENT: Fred Stottlemeyer  
GUESTS PRESENT: Robert Rodecker

This special meeting constituted a public hearing to take comments on the proposed acquisition/sale of North Putnam PSD to South Putnam PSD. There was no public person who attended this meeting.

Brent Null motioned the best interest of the public would be served by transferring the assets of this District(NPPSD) to the South Putnam PSD and to file the appropriate documents with the Putnam County Commission and the Public Service Commission to carry out the sale of this system. Patti second and the decision was unanimous.

Fred Stottlemeyer took this opportunity to report the following:

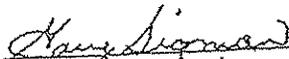
- 1] Number 3 station has only one pump operational. A safety ladder has been installed inside this station.
- 2] The Treatment Plant was broken into on July 30th. Mostly tools were taken and entry was gained via a broken window.
- 3] The 8 inches of rain during the month of July produced flows in excess of 500,000 gallons. Route 62 is the area suspected of infiltration and next week this area will be addressed.
- 4] One manhole on Drew Street has no mastic. This will be corrected.
- 5] Clarifying tanks will be taken down beginning with Number 1 on August 21 to inspect, clean and make piping changes. Number 2 will be following for the same inspection and repair. Diffusers for these tanks were one of the items stolen. Replacements will be ordered immediately.
- 6] Putnam County Commission has indicated they will supply \$31,500.00 to match monies offered by the Governor's office for the collapsed line repair.

7] At our request, contractor Clyde Raynes has submitted an invoice for \$55,596.65 for work done to date. North Putnam has expended \$55,644.97 to date on repair cost. Patti reported digesting cost on this date with only \$10,000.00 of invoices remaining from this project, all aged less than 30 days.

8] Plans for Cherokee Estates were discussed. Meetings with the developers have caused changes and these changes were discussed and approved on motion by Brent Null.

There being no further business, the meeting adjourned at 7:58 p.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Gary Sigman, Chairperson

  
\_\_\_\_\_  
Patricia Babcock, Secretary

  
\_\_\_\_\_  
Brent Null, Treasurer

**LEGAL NOTICE**

**NORTH PUTNAM  
PUBLIC SERVICE DISTRICT  
NOTICE OF HEARING**

The Public Service Board of North Putnam Public Service District will hold a hearing on Thursday, August 3, 2000, at 7:00 p.m., at Town Hall, Bancroft, West Virginia, for the purpose of taking public comments and objections, if any, relating to the proposed transfer of North Putnam Public Service District's utility rights and assets to South Putnam Public Service District.

The Board will, following the receipt of comments and objections, vote on whether or not to proceed with the transfer of its utility rights and assets to South Putnam Public Service District.

This hearing is open to the press and the public and any person interested may appear at such hearing to protect their interest.

**NORTH PUTNAM PUBLIC  
SERVICE DISTRICT**

14 7-27

**AFFIDAVIT OF PUBLICATION**  
State of West Virginia, County of Putnam, to wit:

Cost of Publication \$14.56

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

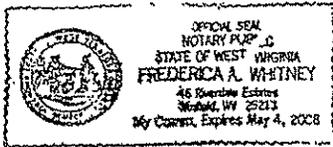
notice of Notice of Hearing  
North Putnam Public Service District  
Transfer of Utility Rights and Assets  
to South Putnam Public Service District

was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 27th day of July 20 00, and ending with issue of the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ (and was posted, if required, at the \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_).

*Phyllis Robinson*  
1st Phyllis Robinson, Publisher  
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 28th day of July 20 00

My commission expires May 4, 2008



*Frederica A. Whitney*  
1st Frederica A. Whitney  
Notary Public of Putnam County, West Virginia

## NORTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION

WHEREAS, the North Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the North side of the Kanawha River;

WHEREAS, the South Putnam Public Service District is authorized to provide water and sewer service as a public utility in parts of Putnam County, West Virginia, on the South side of the Kanawha River;

WHEREAS, the South Putnam Public Service District has the manpower and expertise to operate and manage the affairs of the North Putnam Public Service District;

WHEREAS, the Boards of the South Putnam Public Service District and the North Putnam Public Service District have had discussions concerning the transfer of the North Putnam Public Service District to the South Putnam Public Service District; and

WHEREAS, the Board of the North Putnam Public Service District deems it to be in the best interests of the citizens of Putnam County for South Putnam Public Service District to acquire the assets of North Putnam Public Service District, and to operate such assets as part of its own system until such time as the acquisition of such assets is approved by the Public Service Commission of West Virginia.

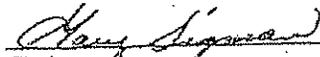
NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF NORTH PUTNAM PUBLIC SERVICE DISTRICT:

1. The Board of North Putnam Public Service District is authorized to undertake all actions necessary to transfer the assets of the North Putnam Public Service District, subject to the approval of the Public Service Commission of West Virginia, and bondholder approvals; and subject further to a determination of the reasonableness of such action upon the rates of the rate payers of South Putnam Public Service District.

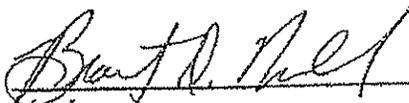
2. During the pendency of the approval process, and until such time as the Board of the South Putnam Public Service District has determined that it is in the best interests of the rate payers of South Putnam Public Service District to acquire the assets of North Putnam Public Service District, North Putnam Public Service District is hereby authorized to enter into an agreement whereby South Putnam Public Service District shall operate and maintain the North Putnam Public Service District system.

3. The Chairman of the Board of the North Putnam Public Service District, is hereby authorized to execute any documents necessary to carry out the provisions of his Resolution.

Adopted this 17<sup>th</sup> day of July, 2000.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Member

  
\_\_\_\_\_  
Member

RESOLUTION OF  
CITY OF HURRICANE

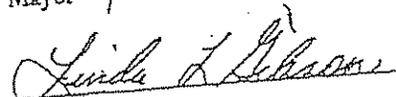
BE IT RESOLVED by the City Council of the City of Hurricane as follows:

The City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.

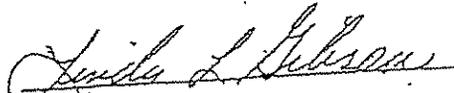
  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the City of Hurricane this 1st day of May, 1995.

[SEAL]

  
Recorder

04/18/95  
SPSI.02  
847280/94001

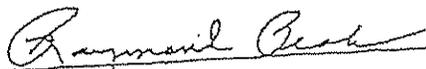
RESOLUTION OF  
SANITARY BOARD OF CITY OF HURRICANE

BE IT RESOLVED by the Sanitary Board of the City of Hurricane as follows:

The Sanitary Board of the City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.

  
Chairman /

5-1-95

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Sanitary Board of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand this 1st day of May, 1995.

  
\_\_\_\_\_  
Chairman

04/25/95  
SPSJ.P3  
847280/94001

BOOK 076 PAGE 893

RECEIVED

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY  
7:00 APR 29 AM 8:44

W/V SEC 1 A RESOLUTION AND ORDER EXPANDING THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, DISSOLVING NORTH PUTNAM PUBLIC SERVICE DISTRICT AND RESCINDING AN ORDER OF THE COUNTY COMMISSION DATED MARCH 4, 1993 IN PART.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore, by Resolution and Order adopted on MARCH 25, 2003, propose the expansion of the territory of South Putnam Public Service District, the dissolution of North Putnam Public Service District, and the partial rescission of a prior order of the County Commission which called for the creation of a new North Putnam Public Service District; and,

WHEREAS, by said MARCH 25, 2003 Resolution and Order, the County Commission did set a hearing on the proposed expansion of South Putnam Public Service District's territory for the provision of sewer service, the dissolution of North Putnam Public Service District, and the partial rescission of the March 4, 1993 Order of the County Commission for the 22<sup>ND</sup> day of APRIL, 2003, required notice of said hearing be given by Class I legal publication and by posting of notice in at least five (5) conspicuous places within the territories of each of the public service districts, and required the Clerk of the County Commission to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission; and,

WHEREAS, notice of the APRIL 22, 2003 hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code §16-13A-2 and all interested parties have been offered an opportunity of being heard for and against the expansion of the territory of South Putnam Public Service District, the dissolution of North Putnam Public Service District, and the partial rescission of the March 4, 1993 Order of the County Commission, and said County Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order expanding the territory of South Putnam Public Service District for the provision of sewer service, dissolving North Putnam Public Service District, and rescinding in part the March 4, 1993 Order of the County Commission.

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

1. That the County Commission of Putnam County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, and subject further to the agreement of bondholders of the two Districts, finds that it would be conducive to the public health, comfort and

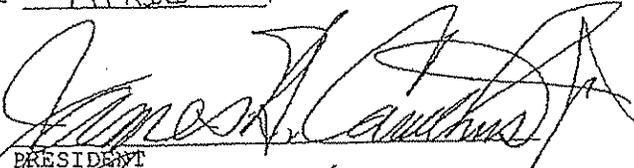
convenience of Putnam County to expand the territory of South Putnam Public Service District and to dissolve North Putnam Public Service District.

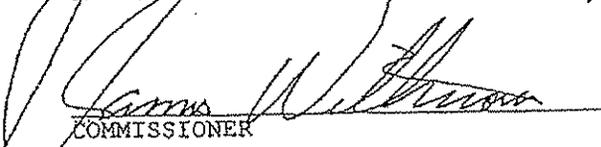
2. That the boundaries of South Putnam Public Service District shall be expanded to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility, or served by such municipal or private utility, for the provision of sewer service.

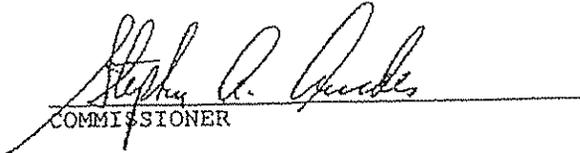
3. That, in order to eliminate any confusion that may have existed by virtue of the prior actions of this County Commission, the March 4, 1993 Order of the County Commission is hereby rescinded insofar as it attempted to bring about the merger and consolidation of Putnam Union Public Service Districts and the creation of a new North Putnam Public Service District.

4. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not later than ten (10) days following the adoption hereof.

ENTERED into the permanent record of Putnam County, West Virginia, this 22ND day of APRIL, 2003.

  
PRESIDENT

  
COMMISSIONER

  
COMMISSIONER

ATTEST:

  
CLERK

BOOK 076 PAGE 896

## BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF  
THE TERRITORY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT,  
THE DISSOLUTION OF NORTH PUTNAM PUBLIC SERVICE DISTRICT,  
AND THE RESCISSION OF AN ORDER OF THE COUNTY COMMISSION  
DATED MARCH 4, 1993 IN PART

AFFIDAVIT OF POSTING

STATE OF WEST VIRGINIA,  
COUNTY OF PUTNAM, to-wit:

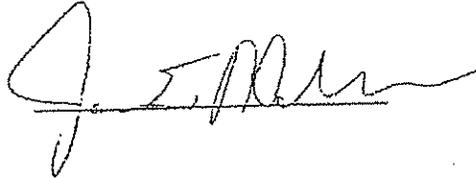
I, Jason E. Henderson, Assistant Manager of Sanitary Sewer Development  
for South Putnam Public Service District, duly sworn, state as follows:

1. Pursuant to West Virginia Code §16-13A-2, the County Commission of Putnam County adopted a Resolution and Order on March 25, 2003, proposing (1) the expansion of the boundaries of South Putnam Public Service District to include the entire territory of Putnam County, West Virginia, located north of the Kanawha River which is not currently contained within the boundaries of any municipal or private utility, or served by such municipal or private utility, for the provision of sewer service; (2) the dissolution of North Putnam Public Service District upon the expansion of the boundaries of South Putnam Public Service District as proposed; and (3) the rescinding of the March 14, 1993 Order of the County Commission insofar as it purported to merge

Putnam Union Public Service District and North Putnam Public Service Districts and create a new North Putnam Public Service District.

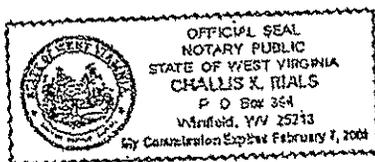
2. The Putnam County Commission scheduled a hearing to be held on April 22, 2003, at 10:00 a.m. at the Putnam County Courthouse, Winfield, West Virginia, to consider said Resolution and Order; and,
3. Pursuant to West Virginia Code §16-13A-2, the attached Public Notice of Hearing was posted in five (5) conspicuous places throughout each of the territories of South Putnam Public Service District and North Putnam Public Service District; and,
4. Said posting occurred beginning April 11, 2003 (more than ten (10) days prior to the April 22, 2003 hearing) and continuing through at least April 22, 2003, the day of the hearing.

Further affiant sayeth naught.

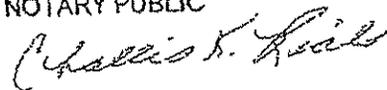


Taken, subscribed and sworn to before the undersigned by Jason E. Henderson on in his capacity as Assistant Manager of Sanitary Sewer Development for South Putnam Public Service District, on this 5th day of May, 2003.

My commission expires Feb 7, 2006.



NOTARY PUBLIC



A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT WITHIN PUTNAM COUNTY, WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 3rd day of December, 1991, fix a date for a public hearing on the expansion of the South Putnam Public Service District, and in and by said resolution and order, provide, that all persons residing in or owning or having any interest in property in the proposed Public Service District might appear before the County Commission at this meeting, and have an opportunity to be heard, for and against the expansion of the said Public Service District; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 11A, Chapter 16, of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the expansion of the said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded Public Service District area or the existing boundaries of the South Putnam Public Service District, and said County

Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding the said District;

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

Section 1.

That the physical, geographical, territorial limits of the South Putnam Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter, as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the territorial jurisdiction of the South Putnam Public Service District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of S. Route 60, thence, N. 32° 13' W. 305.0 feet, N. 00° 50' W. 176.07 feet, thence N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,729.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 41° 56' W. 1,691 feet, thence S. 6° 20' E. 255.9 feet, thence S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U. S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 39° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.8 feet, thence S. 58° 42' W. 437.75 feet, thence, S. 68° 34' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.8 feet, thence, S. 87° 44' E. 1,109.8 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 51° 24' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence N. 6° 15' E. 848.7 feet, thence N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 119.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 195.4 feet, thence S. 45° 25' E. 171.8 feet, thence, S. 42° 05' E. 128.0 feet, thence, S. 33° 40' E. 279.9 feet, thence, S. 46° 25' E. 261 feet, thence, S. 21° 45' E. 140.5 feet, thence, S. 60° 25' E. 239.0 feet, thence N. 35° 40' E. 119.5 feet, thence, N. 20° 01' W. 799.0 feet, thence, N. 56° 00' E. 77.03 feet, thence, N. 50° 05' E. 794.47 feet, thence, N. 65° 00' E. 411.95 feet, thence, N. 78° 00' E. 473.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 89° 17' W. 739.58 feet, thence, crossing U. S. Route 60, S. 70° 05' 13° 16' E. 990.0 feet, thence along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 58° 56' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 25° 40' E. 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17, S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E.

0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 50' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.10 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 39° 40' 0.65 miles to a point having a latitude of N. 38° 25' 29" and longitude of W. 81° 50', thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75 miles, thence, with northerly right-of-way line of Interstate 64 1.10 miles, more or less to place of beginning, containing 1.70 square miles.

(3) Putnam Utilities Corporation, more particularly defined

as follows:

TRACT A: Beginning at a stone on a ridge on a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 191.5 feet to a white oak stump in a low gap; thence, N. 87° 30' W. 940.5 feet to a stake; thence, S. 61° 30' W. 495 feet to a stone by some hickories; thence, N. 37° 30' W. 792 feet to a stone, corner to a tract of land owned by Charles C. Payne; thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,812.5 feet to an iron pipe; thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land; thence, with the line of the Radford land, S. 64° 30' E. 1,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U. S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the southwesterly line of the said Radford land, S. 36° 00' E. 1,800 feet to an iron pipe; thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne; thence, with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe; thence, N. 36° 00' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road; thence, with the right-of-way line of the said road, N. 51° 48' E. 29.5 feet to an iron pipe; thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U. S. Route 35; thence, running with U. S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U. S. Route 35; thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 291 feet to a stake at the edge of Kanawha River; thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe; thence, running S. 36° 00' E. 217 feet; thence, running S. 54° 00' W. 208.5 feet to the place of beginning, containing 1 acre.

(4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line; thence, leaving the said right-of-way line running with the division line between Morris and Raynes and Morris and Rose, N. 3° 00' W. 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked bench; thence, leaving Rose and running up the Kanawha River with pool stage, S. 91° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2; thence, leaving the river and running across the bottom with the division line between Parcel Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17; thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

(5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 14, having a latitude N. 18° 26' 30" and a longitude W. 81° 59' 04"; thence, S. 63° 15' W. for 0.10 miles parallel with West Virginia Route 14 to a point having a latitude N. 18° 26' 24" and longitude W. 81° 59' 23"; thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 14 at about 200 feet to a point having a latitude N. 18° 26' 11" and longitude W. 81° 59' 25"; thence, N. 45° 59' W. for 0.11 miles to a point on the south right-of-way of Old County Route 14/22

having a latitude N. 38° 26' 34" and longitude W. 81° 59' 34"; thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point in the right-of-way having latitude N. 38° 26' 12" and longitude W. 81° 59' 36"; thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having a latitude N. 38° 27' 05" and longitude W. 81° 59' 51"; thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22"; thence, in a southerly direction for 0.32 miles with the Sunnybrook Estate-Springdale Estates Subdivision boundary line to a point having a latitude N. 38° 26' 54" and longitude W. 81° 59' 15"; thence, N. 82° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04"; thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

(6) Culloden Sanitary Sewer and Water Service are to be excluded from the South Putnam Public Service District Area, more particularly defined as follows:

Culloden Area No. 1

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates NS18475, E1698600 and being approximately situated on the Cabell-Putnam County Line; thence, with the following bearings and distances, based on the before named Plane Coordinate System, N. 01° 05' 28" W. 2,625.48 feet; thence, N. 63° 52' 08" E. 1,475.85 feet; thence, S. 33° 23' 19" E. 1,317.43 feet; thence, S. 42° 35' 59" W. 2,954.76 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates NS16900, E1698725 and being approximately situated on the Cabell-Putnam County Line; thence, with the southerly right-of-way line of the Service Wholesalers Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with said

westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System: S. 33° 07' 48" W. 125.00 feet; thence, S. 38° 19' 15" E. 1,120.33 feet; thence, N. 66° 48' 05" E. 761.58 feet; thence, S. 70° 31' 16" E. 1,640.00 feet; thence, S. 61° 54' 24" W. 1,707.71 feet; thence S. 78° 18' 01" E. 1,501.00 feet; thence, N. 03° 55' 33" W. 4,100 feet, to the true point of beginning.

(7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates NS21750, . . . E1700000; thence, with the following bearings and distances based on the before named Plane Coordinate System: N. 63° 47' 00" E. 7,356.80 feet; thence N. 47° 01' 17" W. 1,501.54 feet; thence, N. 31° 05' 50" E. 1,839.33 feet; thence, S. 70° 01' 01" E. 1,463.09 feet; thence, S. 07° 18' 21" E. 982.98 feet; thence, S. 25° 38' 28" E. 693.27 feet; thence, N. 53° 44' 46" E. 1,860.11 feet; thence, N. 58° 32' 09" E. 3,927.47 feet; thence, S. 29° 41' 27" E. 3,280.72 feet; thence, N. 54° 46' 57" E. 1,560.65 feet; thence, S. 16° 41' 57" E. 1,044.03 feet; thence, S. 70° 07' 59" W. 6,326.53 feet; thence, S. 04° 23' 53" W. 1,303.84 feet; thence S. 58° 23' 33" W. 3,052.87 feet; thence, S. 07° 41' 46" E. 1,866.82 feet; thence, S. 33° 06' 41" W. 1,372.95 feet; thence, N. 52° 18' 21" W. 1,190.14 feet; thence, S. 86° 11' 09" W. 2,254.99 feet; thence, S. 09° 03' 28" E. 3,493.57 feet; thence S. 46° 32' 51" W. 654.31 feet; thence, N. 75° 22' 45" W. 1,782.73 feet; thence S. 73° 18' 03" W. 522.02 feet; thence, N. 50° 54' 22" W. 1,030.78 feet; thence, N. 45° 00' 00" E. 353.55 feet; thence N. 17° 31' 32" W. 498.12 feet; thence, N. 40° 56' 26" W. 1,746.93 feet; thence N. 02° 20' 14" E. 1,226.01 feet; thence, N. 42° 22' 25" E. 1,928.29 feet; thence, N. 29° 03' 17" W. 1,029.56 feet to the true point of beginning.

(8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates NS24150.24, E1704721.07 and being approximately situated on the southerly right-of-way line of Interstate Route 64;

thence, with the following bearings and distances based on the before named Plane Coordinate System: N. 61° 56' 44" E. 2,481.07 feet; thence, N. 74° 53' 51" E. 1,346.29 feet; thence, S. 29° 41' 42" E. 604.87 feet; thence, N. 70° 42' 36" E. 529.74 feet; thence, S. 33° 41' 24" E. 180.78 feet; thence, N. 64° 29' 10" E. 2,437.72 feet; thence, S. 28° 18' 03" E. 169.12 feet; thence, S. 65° 11' 09" W. 2,561.49 feet; thence, S. 24° 56' 39" E. 2,371.18 feet, more or less, to a point in the center of Hurricane Creek; thence, with the center of Hurricane Creek in a southwesterly, upstream direction, 1,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge; thence, leaving the center line of Hurricane Creek, with the following bearings and distances based on the before named Plane Coordinate System: S. 61° 16' 08" W. 2,796.52 feet; thence, N. 35° 03' 16" W. 2,025.14 feet; thence, S. 33° 09' 48" W. 603.26 feet; thence, N. 55° 00' 29" W. 303.16 feet; thence, N. 26° 33' 54" E. 279.51 feet; thence, N. 56° 18' 36" W. 901.39 feet; thence, S. 33° 41' 24" W. 721.11 feet; thence, N. 55° 00' 29" W. 165.16 feet; thence, S. 30° 20' 16" W. 1,187.70 feet; thence, S. 53° 07' 48" E. 625.00 feet; thence, S. 35° 32' 16" W. 430.12 feet; thence, N. 54° 41' 20" W. 735.27 feet; thence, N. 32° 39' 39" E. 1,158.12 feet; thence, N. 51° 20' 25" W. 160.08 feet; thence, N. 29° 25' 39" E. 1,119.41 feet; thence, N. 31° 56' 41" E. 1,320 feet, more or less; thence, northeast along southern right-of-way of Virginia Avenue, Putnam County Route 60/10, 3,050 feet, more or less; thence, northwest along the eastern right-of-way of Sovine Road, Putnam County Route 60/1, 915 feet, more or less to the true point of beginning.

(9) Ventroux Water Association for water service only,  
more particularly defined as follows:

Beginning at a point which is the intersection of the Western right-of-way line of U. S. Route 15 and the southern edge of Scary Creek; thence, 700 feet in a southerly direction with the Route 35 line to a point; thence, N. 84° 15' W. 2,360 feet, leaving the Route 35 line to a point; thence, S. 03° 24' W. 1,950 feet to a point; thence, N. 87° 18' W. 500 feet to a point; thence, N. 01° 56' E. 2,130 feet to a point; thence, N. 61° 32' E. 2,180 feet to a point in the southern edge of Scary Creek; thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as

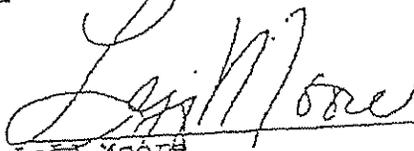
follows:

Beginning at the southernmost point in the original town limits; thence, S. 16° E. 1,270.50 feet, leaving the town limits to a point; thence, S. 57° E. 4,075.50 feet to a point; thence, S. 45-1/2° W. 412.50 feet to a point; thence, S. 85-1/2° W. 511.50 feet to a point; thence, W. 87° 30' W. 478.50 feet to a point; thence, S. 33-1/2° E. 2,739.00 feet to a point; thence, S. 80-1/2° W. 1,435.50 feet to a point; thence, N. 29° W. 39.60 feet to a point; thence S. 81-1/2° W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 31-1/2° E. 334.60 feet, again crossing Route 29/1 to a point; thence, S. 75° W. 264 feet to a point; thence, N. 68° W. 453.80 feet to a point; thence, W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 71° 00' W. 1,250 feet, crossing Route 29/1 to a point; thence S. 51° 58' W. 450 feet to a point; thence, S. 48° 45' W. 1,455.20 feet, crossing Routes 29/1 and 29; thence, N. 67° 15' W. 760.80 feet to a point; thence, N. 31° 30' E. 128.70 feet to a point; thence, N. 18° 45' E. 184.70 feet to a point; thence, N. 29° 15' E. 286.50 feet to a point; thence, N. 19° 30' E. 415.70 feet to a point; thence, N. 60° 50' W. 411.60 feet to a point; thence, N. 55° 40' W. 378.60 feet to a point; thence, N. 46° W. 416.60 feet to a point in the eastern right-of-way line of Route 34; thence, N. 4° E. 2,715 feet crossing Route 34 and 35 to a point in the southern edge of Kanawha River; thence, N. 71° 35' E. 285 feet with the river to a point; thence, N. 36° 15' E. 250 feet with the river to a point; thence, N. 46° 37' E. 600 feet with the river to a point; thence N. 59° 40' E. 440 feet with the river to a point; thence, N. 56-1/2° E. 471 feet with the river to a point; thence, N. 58-1/2° E. 146 feet with the river to a point; thence N. 55° E. 231 feet with the river to a point; thence, N. 57° 30' E. 290 feet with the river to a point; thence N. 57° E. 294 feet with the river to a point; thence, N. 52° E. 587.80 feet with the river to a point; thence, N. 52° E. 569.30 feet with the river to a point; thence, N. 50° E. 1,155 feet with the river to a point in the original town limits

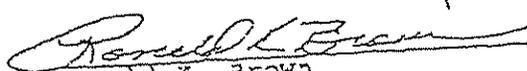
Section 2.

That the said area of the South Putnam Public Service District is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of the South Putnam Public Service District, and shall henceforth and hereafter become and constitute an integral part of the said South Putnam Public Service District.

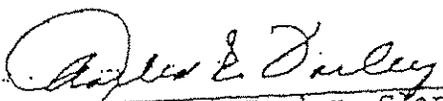
Entered into the permanent records of Putnam County, West Virginia, this 3rd day of December, 1981.

  
\_\_\_\_\_, President  
Leff Moore

  
\_\_\_\_\_, Commission  
R. B. Allen

  
\_\_\_\_\_, Commission  
Ronald K. Brown

ATTEST:

  
\_\_\_\_\_  
Charles E. Farley, Clerk

STATE OF W. VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
 I, Charles E. Farley, Clerk of the Putnam County Commission do hereby certify and transcribe a true and correct copy of the Commission, of \_\_\_\_\_, 19\_\_  
 Given under my hand and seal of the said commission, at Weirside, West Virginia, this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_  
 By Charles E. Farley Putnam County Commission Deputy

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
 I, Charles E. Farley, Clerk of the Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.  
 Given under my hand and seal of the said commission, at Weirside, West Virginia, this the 16 day of Feb, 1982  
Court order Book 28 At Page 314  
 CHARLES E. FARLEY, CLERK, PUTNAM COUNTY COMMISSION  
 By K. E. [Signature] Deputy

A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES OF THE TEAYS VALLEY PUBLIC SERVICE DISTRICT HERINAFTER TO BE KNOWN AS THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT WITHIN PUTNAM COUNTY, WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 27th of January, 1981, fixed a date for a public hearing on the expansion of the Teays Valley Public Service District, hereafter to be known as the South Putnam Public Service District, and in and by, said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting, and have an opportunity to be heard for and against the creation of the said public service district; and,

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

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding and establishing the said district;

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

Section 1: That the physical, geographical, territorial limits of the Teays Valley Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area currently known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the certificate jurisdiction of the South Punam Public District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U.S. Route 60, thence, N. 12° 13' W. 305.0 feet, N. 00° 50' W. 176.07 feet, thence, N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,728.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence, S. 6° 20' E. 255.9 feet, thence, S. 10° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U.S. Route 60, S. 15° 56' W. 270.7 feet, thence, S. 39° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence, S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 56' W. 478.3 feet, thence, S. 58° 42' W. 437.75 feet, thence, S. 68° 34' W. 108.0 feet, thence, with West Virginia Route 14, S. 35° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.3 feet, thence, S. 37° 41' E. 1,309.3 feet, thence, S. 24° 57' E. 348.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 6° 15' E. 880.48 feet, thence, S. 50° 03' E. 1,461.4 feet, thence, N. 6° 15' E. 848.7 feet, thence, N. 15° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 10' E. 105.1 feet, thence, S. 29° 25' E. 211.3 feet, thence, S. 42° 05' E. 113.0 feet, thence, S. 21° 10' E. 119.9 feet, thence, S. 56° 25' E. 153 feet, thence, S. 30° 15' E. 115.0 feet, thence, S. 21° 15' E. 140.3 feet, thence, N. 20° 14' E. 128.0 feet, thence, N. 15° 40' E. 119.5 feet, thence, N. 10° 01' W. 198.0 feet, thence, N. 56° 00' E. 77.33 feet, thence, N. 50° 05' W. 744.17 feet, thence, N. 55° 00' E. 433.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 54° 44' W. 311.41 feet, thence, N. 38° 11' W. 577.0 feet, thence, N. 38° 17' W. 739.68 feet, thence, crossing U.S. Route 60, N. 13° 16' E. 990.0 feet, thence, along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 38° 15' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined

as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 26° 40' E. 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence, N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17 S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E. 0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 30' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 39° 40' 0.65 miles to a point having a latitude of N. 38° 28' 29" and longitude of W. 81° 50' thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75

miles, ... with northerly right-of-way line of Interstate 64 1.10 miles more or less to place of beginning containing 3.70 square miles.

- (3) Putnam Utilities Corporation, more particularly defined as

follows:

TRACT A: Beginning at a stone on a ridge in a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 181.5 feet, to a white oak stump in a low gap, thence, N. 87° 30' W. 940.5 feet to a stake, thence, S. 63° 30' W. 495 feet to a stone by some hickories, thence, N. 87° 30' W. 792 feet, to a stone, corner to a tract of land owned by Charles C. Payne, thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,812.3 feet, to an iron pipe, thence, N. 41° 7' E. 696 feet to an iron pipe in the south-westerly line of the said Radford land, thence, with the line of the Radford land, S. 64° 30' E. 3,586.3 feet to the place of beginning, containing 52.42 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U.S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife, thence, with the southwesterly line of the said Radford land, S. 16° 00' E. 1,800 feet to an iron pipe, thence, S. 64° 30' E. 455 feet to an iron pipe, thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne, thence with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe, thence, N. 36° 30' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road, thence, with the right-of-way line of the said road, N. 51° 48' E. 29.3 feet to an iron pipe, thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U.S. Route 35, thence, running with U.S. Route 35, N. 33° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U.S. Route 35, thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River, thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe, thence, running S. 36° 00' E. 217 feet, thence, running S. 34° 00' W. 208.5 feet to the place of beginning, containing 1 acre.

- (4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line, thence, leaving the said right-of-way

line and running with the division line between Morris and Raynes & Morris and Rose, N. 3° 00' 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked bench, thence, leaving Rose and running up the Kanawha River with pool stage, S. 81° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2, thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17, thence, running in a westerly direction with the said northerly right-of-way line, a distance of 305 feet to the point of beginning, containing 19.6 acres, more or less.

- (5) Sunnybrook Public Service District, more particularly defined

as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having latitude N. 38° 26' 50" and longitude W. 81° 59' 04", thence, S. 68° 15' W. for 0.30 miles parallel with West Virginia Route 34, to a point having latitude N. 38° 26' 24" and longitude W. 81° 59' 23", thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having latitude N. 38° 26' 31" and longitude W. 81° 59' 29", thence, N. 43° 59' W. for 0.14 miles to a point on the south right-of-way of Old County Route 36/22 having latitude N. 38° 25' 34" and longitude W. 81° 59' 36", thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point on the right-of-way having latitude N. 38° 25' 32" and longitude W. 81° 59' 36", thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having latitude N. 38° 27' 05" and longitude W. 81° 59' 51", thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22", thence, in a southerly direction for 0.32 miles with the Sunnybrook Estates-Springdale Estates Subdivision boundary line to a point having latitude N. 38° 26' 54" and longitude W. 81° 59' 15", thence, N. 82° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04", thence, S. for 0.43 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

- (6) Culloden Sanitary Sewer and Water Service are to be excluded from the Teays Valley Public Service District proposed expansion area, more particularly

defined as follows: Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates NS18475, E1698600 and being approximately situated on the Cabell-Putnam County line, thence, with the following

bearings and distances, based on the before named Plane Coordinate System,  $1^{\circ} 05' 28''$  W, 2,625.48 feet, thence, N  $63^{\circ} 52' 02''$  E, 1,475.85 feet, thence, S  $33^{\circ} 23' 19''$  E, 1,317.43 feet, thence, S  $42^{\circ} 35' 59''$  W, 2,954.75 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates NS16900, E1698725 and being approximately situated on the Cabell-Putnam County Line, thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with the said westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System; S  $53^{\circ} 07' 48''$  W, 125.00 feet, thence, S  $38^{\circ} 39' 35''$  E, 1,120.55 feet, thence, N  $66^{\circ} 48' 05''$  E, 761.58 feet, thence, S  $70^{\circ} 33' 36''$  E, 1,640.00 feet, thence, S  $61^{\circ} 54' 24''$  W, 1,707.71 feet, thence, S  $78^{\circ} 28' 01''$  E, 3,503.00 feet, thence, N  $03^{\circ} 55' 13''$  W, 4,100 feet, to the true point of beginning.

- (7) City of Hurricane Water Service Area, more particularly defined as

follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates NS21750, E1700000, thence, with the following bearings and distances based on the before named Plane Coordinate System: N  $63^{\circ} 47' 00''$  E, 7,356.50 feet, thence, N  $47^{\circ} 01' 17''$  W, 1,503.51 feet, thence, N  $31^{\circ} 05' 50''$  E, 1,839.33 feet, thence, S  $70^{\circ} 01' 01''$  E, 1,463.09 feet, thence, S  $07^{\circ} 18' 21''$  E, 982.98 feet, thence, S  $25^{\circ} 38' 28''$  E, 693.27 feet, thence, N  $53^{\circ} 44' 46''$  E, 1,860.11 feet; thence, N  $58^{\circ} 32' 09''$  E, 3,927.47 feet, thence, S  $29^{\circ} 41' 27''$  E, 3,250.72 feet, thence, N  $54^{\circ} 46' 57''$  E, 1,560.65 feet, thence, S  $16^{\circ} 41' 57''$  E, 1,044.03 feet; thence, S  $70^{\circ} 07' 59''$  W, 6,326.53 feet, thence, S  $04^{\circ} 23' 55''$  W, 1,303.84 feet, thence, S  $58^{\circ} 23' 33''$  W, 3,052.87 feet, thence, S  $07^{\circ} 41' 46''$  E, 1,866.82 feet, thence, S  $33^{\circ} 06' 41''$  W, 1,372.95 feet; thence, N  $52^{\circ} 18' 21''$  W, 1,390.14 feet, thence, S  $86^{\circ} 11' 09''$  W, 2,254.99 feet, thence, S  $09^{\circ} 03' 28''$  E, 3,493.57 feet, thence, S  $46^{\circ} 32' 53''$  W, 654.31 feet, thence, N  $75^{\circ} 22' 45''$  W, 1,782.73 feet, thence, S  $73^{\circ} 18' 03''$  W, 522.02 feet, thence, N  $50^{\circ} 54' 22''$  W, 1,030.78 feet, thence, N  $45^{\circ} 00' 00''$  E, 353.55 feet, thence, N  $17^{\circ} 31' 32''$  W, 498.12 feet, thence, N  $40^{\circ} 56' 26''$  W, 2,746.93 feet, thence, N  $02^{\circ} 20' 14''$  E, 1,226.02 feet, thence, N  $42^{\circ} 22' 25''$  E, 1,928.89 feet, thence, N  $29^{\circ} 03' 17''$  W, 1,029.56 feet to the true point of beginning.

- (8) City of Hurricane Sanitary Sewer Service Area, more particularly

defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates NS22825, E1701990, and being approximately situated on the southerly right-of-way line of Interstate Route 64; thence, with the following bearings and distances based on the before named Plane Coordinate System; N  $63^{\circ} 56' 44''$  E, 5,521.07 feet, thence, N  $74^{\circ} 55' 53''$  E,

1,346.29 feet, thence, S 29° 44' 42" E, 67 feet, thence, N 70° 42' 36" E, 529.74 feet, thence, S 33° 41' 24" E, 180.28 feet, thence, N 64° 29' 10" E, 2,437.72 feet, thence, S 28° 18' 03" E, 369.12 feet, thence, S 65° 11' 09" W, 2,561.49 feet, thence, S 24° 56' 39" E, 2,371.18 feet, more or less, to a point in the center of Hurricane Creek, thence, with the center of Hurricane Creek in a southwesterly, upstream, direction 3,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge, thence, leaving the center line of Hurricane Creek with the following bearings and distances based on the before named Plane Coordinate System: S 61° 36' 08" W, 2,796.52 feet, thence, N 53° 03' 16" W, 2,025.14 feet, thence, S 33° 09' 48" W, 603.26 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, N 26° 33' 54" E, 279.51 feet, thence, N 36° 18' 36" W, 901.39 feet, thence, S 33° 41' 24" W, 721.11 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, S 30° 20' 36" W, 1,187.70 feet, thence, S 53° 07' 48" E, 625.00 feet, thence, S 35° 32' 16" W, 430.12 feet, thence, N 54° 41' 20" W, 735.27 feet, thence, N 32° 39' 39" E, 1,158.12 feet, thence, N 51° 20' 25" W, 150.08 feet, thence, N 29° 25' 39" E, 1,119.43 feet, thence, N 31° 56' 41" E, 2,003.40 feet, to the true point of beginning.

(9) Ventroux Water Association, for water service only, more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U.S. Route 35 and the southern edge of Scary Creek: thence, 700 feet in a southerly direction with the Route 35 line to a point, thence, N 84° 15' W, 2,360 feet, leaving the Route 35 line to a point, thence, S 03° 24' W, 1,350 feet to a point, thence, N 87° 18' W, 500 feet to a point, thence, N 01° 56' E, 2,130 feet to a point, thence, N 61° 32' E, 2,130 feet to a point in the southern edge of Scary Creek, thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as follows:

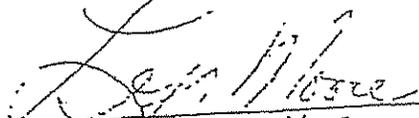
Beginning at the southern most point in the original Town limits, thence, S 36° E, 1,270.50 feet, leaving the Town limits to a point, thence, S 57° E, 4,075.50 feet to a point, thence, S 45-1/2° W, 412.50 feet to a point, thence, S 85-1/2° W, 511.50 feet to a point, thence, N 87° 30' W 478.50 feet to a point, thence, S 33-1/2° E, 2,739.00 feet to a point, thence, S 80-1/2° W, 1,435.50 feet to a point, thence, N 29° W, 39.60 feet to a point, thence, S 81-1/2° W, 1,386.0 feet, crossing Route 29/1 to a point, thence, N 31-1/2° E, 334.60 feet, again crossing Route 29/1 to a point, thence, S 75° W 264 feet to a point, thence, N 68° W 453.80 feet to a point, thence, W 1,386.0 feet, crossing Route 29/1 to a point, thence, N 71° 00' W, 1,250 feet, crossing Route 29/1 to a point, thence, S 51° 58' W 450 feet to a point, thence, S 48° 45' W, 1,455.20 feet, crossing Routes 29/1 and 29, thence, N 15° W, 760.80 feet to a point, thence, N 33° 30' E, 128.70 feet to a point, thence, N 18° 45' E, 184.70 feet to a point, thence, N 29° 15' E, 286.50 feet to a point, thence, N 19° 30' E, 415.70 feet to a point, thence, N 60° 50' W 411.60 feet to a point, thence, N 55° 40' W, 378.60 feet to a point, thence, N 46° W, 436.60 feet to a point in the eastern right-of-way line of Route 34, thence, N 4° E, 2,715 feet crossing Routes 34 and 35 to a point in the southern edge of Kanawha River, thence, N 71° 35' E, 285 feet with the river to a point, thence, N 36° 15' E, 250 feet with the river to a point, thence, N 45° 37' E, 600 feet with the river to a point, thence, N 59° 40' E, 440 feet with the river to a point, thence, N 56-1/2° E, 471 feet with the river to a

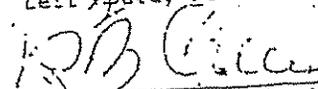
point, thence, N 58-1/2° E, 126 feet with the river to a point, thence, N 55° E, 231 feet with the river to a point, thence, N 57° 30' E, 280 feet with the river to a point, thence, N 57° E 294 feet with the river to a point, thence, N 52° E, 587.80 feet with the river to a point, thence, N 52° E, 569.30 feet with the river to a point, thence, N 50° E, 1,155 feet with the river to a point in the original Town limits.

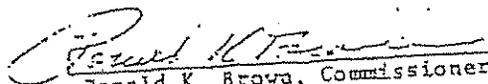
Section 2: (a) The name and corporate title of the expanded Teays Valley Public Service District shall be "South Putnam Public Service District".

(b) That the said area of the Teays Valley Public Service District, hereafter known as the South Putnam Public Service District, is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of, the South Putnam Public Service District, and shall henceforth and hereafter become and constitute an integral part of the said South Putnam Public Service District.

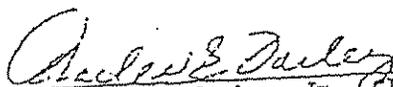
ENTERED into the permanent records of Putnam County, West Virginia, this 10th day of March, 1981.

  
Jeff Moore, President

  
R. B. Allen, Commissioner

  
Ronald K. Brown, Commissioner

ATTEST:

  
Charles E. Farley, Jr., Clerk

Transmitted to the County Clerk's Office, March 11, 1981

Received by: \_\_\_\_\_

9.1.59

A RESOLUTION AND ORDER creating  
Teays Valley Public Service District  
in Putnam County, West Virginia

WHEREAS, the County Court of Putnam County, West Virginia, did heretofore by a resolution and order adopted September 1, 1958, fix a date for a public hearing on the creation of the proposed Teays Valley Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district: and,

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

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

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

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

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $38^{\circ} 26'$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 08''$ , thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Kilam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

Section 2. That said Public service district so created shall have the name and corporate title of "Teays Valley Public Service District", and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights

and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13A of Chapter 16 of the West Virginia Code.

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

ADOPTED BY THE COUNTY COURT

September 1, 1959.

C. B. Miller  
President

Attest;

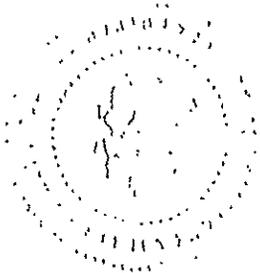
A. M. Brown  
Clerk

STATE OF WEST VIRGINIA

COUNTY OF PUTNAM, SS:

I, J. M. LAKE, Clerk of the County Commission of Putnam County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the instrument as same appears of record in my office in Court Order Book Number 19 Page 63.

Given under my hand and seal of said Commission this the 22nd day of May, 1978



J. M. Lake Clerk  
Putnam County Commission  
Winfield, West Virginia

Kay Hart  
BY DEPUTY CLERK

8455

Winfield, West Virginia

August 4, 1959

The County Court of Putnam County, West Virginia, met in regular session pursuant to law and to the rules of said court at the County Court House, Winfield, West Virginia, at 10:00 o'clock A.M. The meeting was called to order and the roll being called there were present Carl B. Miller, President, presiding, and the following named commissioners.

Absent: None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Teays Valley Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on August 4, 1959, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Homer West introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Teays Valley  
Public Service District, Putnam County, West  
Virginia",

and moved that all rules otherwise requiring deferred consideration  
or several readings be suspended and said proposed resolution and  
order be adopted. Harold D. Brown seconded the motion and  
after due consideration the President put the question on the motion  
and the roll being called, the following voted:

Aye: All three

May:

Whereupon the President declared the motion duly carried and  
said resolution and order duly adopted.

Homer West introduced and caused to be  
read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing  
members to the public service board of  
the Teays Valley Public Service District".

and moved that all rules otherwise requiring deferred consideration  
or several readings be suspended and said proposed resolution and  
order be adopted, A. C. Neal & H. D. Brown seconded the motion and  
after due consideration the President put the question on the motion  
and the roll being called, the following voted.

Aye: all three

May:

Whereupon the President declared the motion duly carried and  
said resolution and order duly adopted.

On motion and vote the meeting adjourned.

C. B. Miller

President

Attest:

A. M. Lewis

Clerk

NOTICE OF PUBLIC HEARING  
ON CREATION OF TEAYS VALLEY  
PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and/or sewerage services within said district and also outside said district to the extent permitted by law; to be named "Teays Valley Public Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $38^{\circ} 26' 10''$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 00''$ , thence North 0.53 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00' W.$  0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of

West Virginia, as shown upon map prepared by J. H. Milan, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Putnam County will conduct a public hearing on September 1, 1959, at 10:00 o'clock A.M., in the County Court House at Winfield, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this 4th day of AUGUST, 1959.

A. M. Brown  
County Court Clerk

Adopted by the County Court August 4, 1959.

C. B. Meece  
President

Attest:

A. M. Brown  
Clerk

STATE OF WEST VIRGINIA )  
COUNTY OF PUTNAM ) SS

I, A. M. BROWN, hereby certify that I am the duly qualified and acting Clerk of the County Court of Putnam County, West Virginia, and that the foregoing constitutes a true, correct and

NOTICE OF PUBLIC HEARING ON CREATION OF TRAYS VALLEY PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and/or sewerage services within said district and also outside said district to the extent permitted by law; to be named "Trays Valley Public Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. 24° 26' 18" and longitude W. 21° 21' 26", thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 2.96 miles, more or less, to a point having a latitude of N. 24° 26' 23" and a longitude of W. 21° 22' 04", thence North 8.23 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64 in an easterly direction 1.34 miles, thence south 22° or W. 0.22 miles to the place of beginning containing 3.15 square miles, more or less, being a portion of Trays Registered District and including generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Millam, Inc., 1214 Myers Avenue, Donkey, West Virginia, dated June 28, 1934.

All persons owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Putnam County will conduct a public hearing on September 1, 1934, at 10:00 o'clock A. M. in the County Court House at Winfield, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this 28th day of August, 1934.  
A. M. BROWN  
County Court Clerk  
Signed by the County Court August 1, 1934.  
C. R. MILLER  
President  
J. M. SANDERS  
Clerk

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

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Putnam County, West Virginia, a petition to this County Court, for the creation of a public service district within Putnam County, West Virginia; and

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

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district:

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

Section 1. That the County Court of Putnam County, West Virginia hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Putnam County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and which petition has been signed by at least one hundred legal voters resident within said county; real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

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

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

(b). The territory to be embraced in said Public Service District shall be as follows:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $33^{\circ} 25' 10''$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 03''$ , thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64; thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. E. Milan, Inc. 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

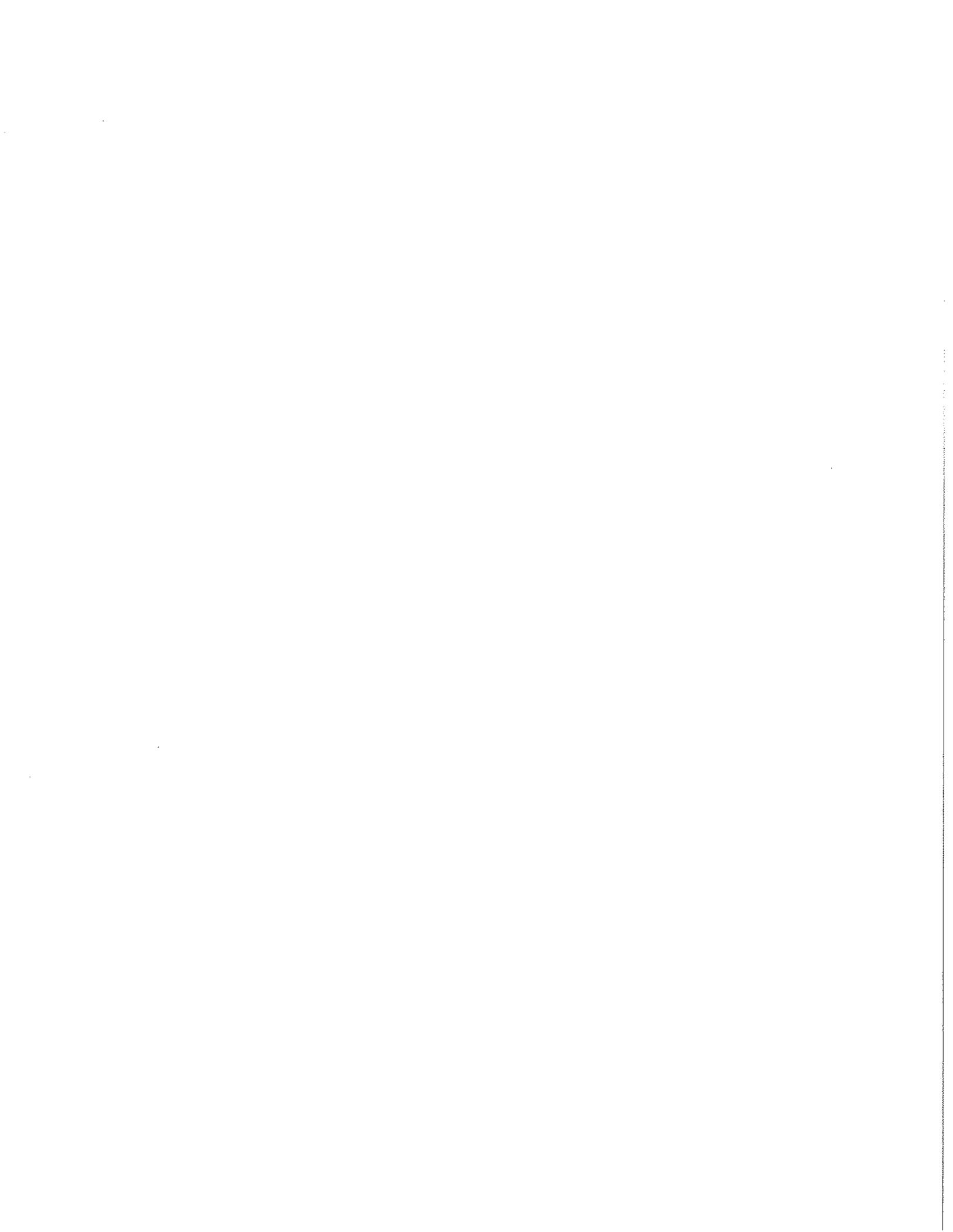
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(c). The purpose of said Public service district shall be to construct, or acquire by purchase or otherwise and maintain, operate, improve and extend properties supplying water and/or sewage services within such territory and also outside such territory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

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

Section 3. That on September 1, 1959, at the hour of 10:00 o'clock A.M., this County Court shall meet in the County Court House at Winfield, West Virginia for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on Aug. 7 and 14th, 1959, in the Hurricane Breeze and Putnam, a newspaper of general circulation published in Putnam County.

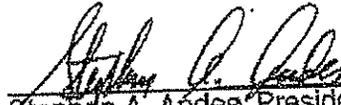


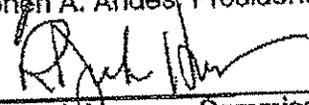
COPY

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 11<sup>th</sup> day of March, 2008 does hereby APPOINT Mr. Paul D. Callahan, 8 Oak Ridge, Winfield, WV 25213 to serve on the Putnam Public Service District Board, effective March 4, 2008 with a term to expire on August 31, 2013.

ENTER this 11<sup>th</sup> day of March, 2008.

  
\_\_\_\_\_  
Stephen A. Andes, President

  
\_\_\_\_\_  
R. Joseph Haynes, Commissioner

  
\_\_\_\_\_  
Gary O. Tillis, Commissioner

COPY

COMMISSIONERS  
STEPHEN A. ANDES  
R. JOSEPH HAYNES  
GARY O. TILLIS

Putnam County Commission

300 ROAD  
WINFIELD, WEST VIRGINIA 25213

PHONE: 586-0201  
FAX: 586-0200

March 11, 2008

Mr. Paul D. Callahan  
8 Oak Ridge  
Winfield, West Virginia 25213

Dear Mr. Callahan

The Putnam County Commission is pleased to announce that we have appointed you to serve on the Putnam Public Service District Board, to fill the unexpired term of Mr. Jerry Kelley. This term will be effective on March 4, 2008 and will expire on August 31, 2013.

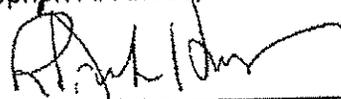
Upon receipt of this letter, it will be necessary for you to appear before the County Clerk of this Commission at the courthouse to take the oath of office. Failure to do this could make a board vote nil and illegal, so taking this oath as soon as possible is extremely important for you. If for any reason you are unable to accept the appointment, please contact our office as soon as possible so we may make other arrangements.

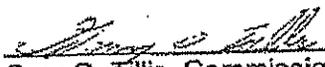
We look forward to working with you in this capacity and thank you for your willingness to serve the citizens of Putnam County.

Sincerely,

PUTNAM COUNTY COMMISSION

  
\_\_\_\_\_  
Stephen A. Andes, President

  
\_\_\_\_\_  
R. Joseph Haynes, Commissioner

  
\_\_\_\_\_  
Gary O. Tillis, Commissioner

PPC:so

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 14<sup>th</sup> day of July, 2009 does hereby RE-APPOINT Calvin Hatfield, 101 Vista Lane, Hurricane, WV 25526 to serve on the Putnam Public Service District, effective August 31, 2009 with a term to expire on August 31, 2015.

ENTER this 14<sup>th</sup> day of July, 2009.



Doc ID: 002712650001 Type: COU  
Recorded: 07/16/2009 at 09:20:44 PM  
Fee Amt: Page 1 of 1  
Putnam County Clerk  
Brian Wood County Clerk

BK 91 PG 151

Absent

Gary O. Tillis, President

R. Joseph Haynes, Commissioner

Stephen A. Andes, Commissioner

STATE OF WEST VIRGINIA, Putnam  
County Commission Clerk's Office  
07/16/2009. The foregoing Court Order  
together with the certificate of its  
acknowledgment, was this day presented  
in said office and admitted to record.

Teste: Clerk

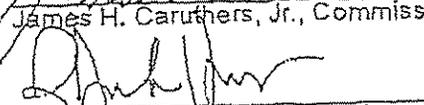
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 30th day of August, 2005 does hereby RE-APPOINT Mr. Joe E. Miller, 3709 Cambridge Drive, Hurricane, West Virginia 25526 to serve on the South Putnam Public Service District Board, effective August 31, 2005 with a term to expire on August 31, 2011.

ENTER this 30th day of August, 2005.

  
\_\_\_\_\_  
Stephen A. Andes, President

  
\_\_\_\_\_  
James H. Caruthers, Jr., Commissioner

  
\_\_\_\_\_  
R. Joseph Haynes, Commissioner

# OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, PAUL D. CALLAHAN, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of PUTNAM PUBLIC SERVICE DISTRICT BOARD EFFECTIVE MARCH 4, 2008 TO AUGUST 31, 2013 to the best of my skill and judgment, SO HELP ME GOD.

Subscribed and sworn to before me this 12TH day of MARCH,

2008.



---



Clerk  
PUTNAM COUNTY COMMISSION  
WINFIELD, WEST VIRGINIA

BY: \_\_\_\_\_ Deputy

EXHIBIT C

OFFICIAL OATH

STATE OF WEST VIRGINIA,

POTNAM COUNTY, SS:

I, CALVIN L. HANFIELD do solemnly

swear that I will support the Constitution of the United States

and the Constitution of the State of West Virginia, and that I

will faithfully discharge the duties of the office of \_\_\_\_\_

SOUTHERN POTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2003 TO AUGUST 31, 2009)

to the best of my skill and judgment, SO HELP ME GOD.

Calvin L. Hanfield

Subscribed and sworn to before me this 17<sup>th</sup> day

of September, 2003.

Michael W. Elliott CLERK  
Potnam County Commission  
Winfield, West Virginia

BY: \_\_\_\_\_ Deputy

STATE OF WEST VIRGINIA  
County of Putnam, to-wit:  
I, MICHAEL W. ELLIOTT, Clerk of  
County Commission of said County, do hereby  
certify that the foregoing writing was duly pro-  
duced to me in my said office and together with  
all officers therein named, was duly admitted  
to said records.

Given under my hand this  
17<sup>th</sup> day of September, 2003  
Michael W. Elliott 11:31  
Clerk AM

BOOK 010 PAGE 601

OFFICIAL OATH

STATE OF WEST VIRGINIA,  
PUTNAM COUNTY, SS:

I, JOE E. MILLER do solemnly  
swear that I will support the Constitution of the United States  
and the Constitution of the State of West Virginia, and that I  
will faithfully discharge the duties of the office of \_\_\_\_\_  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2005 TO AUGUST 31, 2011)

to the best of my skill and judgment, SO HELP ME, GOD.

Joe E. Miller

Subscribed and sworn to before me this 6<sup>th</sup> day  
of September, 2005.

Brian Wood CLERK  
Putnam County Commission,  
Winfield, West Virginia

BY: J. Seibert Deputy

RULES OF PROCEDURE  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 107 South Poplar Fork Road, Scott Depot, Putnam County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

## ARTICLE III

### MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Putnam 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 second and fourth Tuesdays 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 agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

## PUBLIC NOTICE OF MEETINGS

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

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

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

## ARTICLE V

### OFFICERS

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

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

## ARTICLE VI

### DUTIES OF OFFICERS

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

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

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

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 5th day of March, 2002.

02/22/02  
847280.00001

ESTABLISHED 1900

COOKIE ALLEN  
PUBLISHER

PHONE 304-562-9881

# THE HURRICANE BREEZE

THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY

488 HURRICANE CREEK ROAD

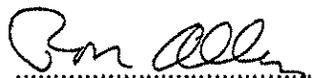
P.O. BOX 310

HURRICANE, WEST VIRGINIA 25526

## CERTIFICATE OF PUBLICATION

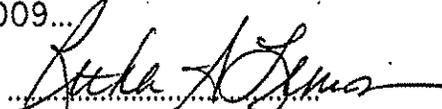
STATE OF WEST VIRGINIA,  
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.. One..(1) consecutive issues, in its issues dated .... May 7, 2009..



.....  
The Hurricane Breeze

Subscribed and sworn to before me this..8th....day  
of..... May....., 2009...



.....  
Notary Public



Approved by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in its  
 order of Charleston on the 24th day of July 2009.

FILE NO. 09-062-PWD-SCB

**PUNAM PUBLIC SERVICE DISTRICT**  
 Application for a certificate of convenience and necessity for the upgrade  
 and renovation of a water treatment plant, for approval of increased water  
 rates and charges, and for approval of financing related thereto.

**NOTICE OF FILING**

On May 1, 2009, the Punam Public Service District ("District") filed an application,  
 verified, for a certificate of convenience and necessity for the upgrade and  
 renovation of its water treatment plant, for approval of increased water rates and charges,  
 and for approval of financing related thereto. Said project will assist the District in the  
 maintenance of the filtration system at the treatment plant, provide operational flexibility  
 to allow the District to meet current system demand. The District's application further  
 seeks approval of increased water rates and charges and approval of the financing of  
 the project. The application is on file with and available for public inspection at the  
 Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The District estimates that the total construction cost for the proposed project is  
 \$7,000,000, for which the District is seeking funding for the project through the  
 American Recovery and Reinvestment Act of 2009 and the State Revolving Fund. As  
 of the filing of this application, the District has not received approval from either funding  
 source.

The District is seeking an increase in its water rates as a result of the proposed  
 upgrade and renovation project. Said increased rates are based upon the project cost  
 being funded by a \$363,500.00 grant and a loan of \$363,500.00 for a term of 25 years  
 with an interest rate of 3%.

The District is seeking approval of the following increased water rates and charges:

**SCHEDULE 1**

**APPLICABILITY**  
 Applicable within the entire territory served except the Kanawha Orchard Industrial  
 Customers

**AVAILABILITY**  
 Available for general domestic, commercial Punam County industrial and resale service.

**RATES (customers with metered water supply)**

Rate	Gallons used per month	Minimum Rate According to Meter Size
Up to 2,000	gallons used per month	\$4.50 per 1,000 gallons
Up to 7,000	gallons used per month	\$4.22 per 1,000 gallons
Up to 175,000	gallons used per month	\$2.21 per 1,000 gallons

**MINIMUM CHARGE**  
 No bill will be rendered for less than \$17.45 per month which is the equivalent of 2,000  
 gallons of water.

Size	Meter	Rate
5/8" - or 3/4"	inch meter	\$ 17.45 per month
1"	inch meter	\$ 43.53 per month
1- 1/2"	inch meter	\$ 29.25 per month
2"	inch standard meter	\$ 139.50 per month
2"	inch compound meter	\$ 139.50 per month
2"	inch turbine meter	\$ 174.50 per month
3"	inch compound meter	\$ 379.00 per month
3"	inch turbine meter	\$ 445.00 per month
4"	inch compound meter	\$ 565.00 per month
4"	inch turbine meter	\$ 722.00 per month
6"	inch compound meter	\$ 872.50 per month
6"	inch turbine meter	\$ 1,605.00 per month
8"	inch compound meter	\$ 1,596.00 per month
8"	inch turbine meter	\$ 2,782.00 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.

**RECONNECTION - \$25.00**

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

**TAP FEE**

The following charges are to be made whenever the utility installs a new tap to  
 serve an applicant.

A tap fee of \$400.00 will be charged to a customer applying for service before  
 construction is completed adjacent to the customer's premises in connection with a  
 certificate proceeding before the Commission. This pre-construction tap fee will be  
 invalid after the completion of construction adjacent to the customer's premises  
 associated with a certificate proceeding.

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

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

**SCHEDULE 1-A**

**APPLICABILITY**  
 Applicable within the area formerly served by Kanawha Orchard Public Service Dist.  
 for industrial customers only.

**AVAILABILITY**  
 Available for industrial water service.

**RATES (customers with metered water supply)**

Up to 3,000	gallons used per month	\$6.747 per 1,000 gallons
Up to 7,000	gallons used per month	\$6.422 per 1,000 gallons
Up to 10,000	gallons used per month	\$6.097 per 1,000 gallons

**MINIMUM CHARGE**  
 No bill will be rendered for less than \$26.24 per month which is the equivalent of 3,000  
 gallons of water.

Size	Meter	Rate
5/8" - or 3/4"	inch meter	\$ 20.24 per month
1"	inch meter	\$ 50.60 per month
1- 1/2"	inch meter	\$ 401.20 per month
2"	inch standard meter	\$ 161.92 per month
2"	inch compound meter	\$ 161.92 per month
2"	inch turbine meter	\$ 202.40 per month
3"	inch compound meter	\$ 323.84 per month
3"	inch turbine meter	\$ 485.76 per month
4"	inch compound meter	\$ 565.00 per month
4"	inch turbine meter	\$ 830.00 per month
6"	inch compound meter	\$ 1,042.00 per month
6"	inch turbine meter	\$ 1,862.00 per month
8"	inch compound meter	\$ 1,619.20 per month
8"	inch turbine meter	\$ 3,234.40 per month

**RECONNECTION - \$25.00**  
 To be charged whenever the supply of water is turned off for violation of rules,  
 nonpayment of bills or fraudulent use of water.

**TAP FEE**

The following charges are to be made whenever the utility installs a new tap to  
 serve an applicant.

A tap fee of \$200.00 will be charged to a customer applying for service before  
 construction is completed adjacent to the customer's premises in connection with a  
 certificate proceeding before the Commission. This pre-construction tap fee will be  
 invalid after the completion of construction adjacent to the applicant's premises that is  
 associated with a certificate proceeding.

A tap fee of \$200.00 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.

**UNUSUAL CONSUMPTION**

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

**SCHEDULE 2**

**APPLICABILITY**  
 Applicable in entire territory served.

**AVAILABILITY**  
 Available for private fire protection.

**RATE**  
 The monthly rate for private fire protection will be \$40.00 per hydrant or sprinkler  
 connection.

**PRIVATE SERVICE TAP FEE**  
 The tap for connection of private fire hydrants or sprinkler connections shall be the  
 actual cost of making said connection.

**RECONNECTION \$25.00**  
 To be charged whenever the supply of water is turned off for violations of rules, non-  
 payment of bills or fraudulent use of water.

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.

SCHEDULE 3

APPLICABILITY  
Applicable in entire territory served

SURCHARGES

Bond Reserve Repayment Surcharge - \$0.064 per 1,000 gallons sold from the effective date of this tariff will be charged in order to eliminate the deficiency in the water bond reserve. This surcharge will be eliminated once the deficiency reaches a zero balance.

SCHEDULE 4

The following schedule shall be utilized for determining the monthly emergency standby surcharge for those months, if any, where the District is required to purchase larger volumes of water from West Virginia American Water Company due to extraordinary drought conditions.

MONTH: \_\_\_\_\_

LINE NO.		M. GALLONS
1.	Sales to General Customers - Same Month as Year	_____
2.	Less: Sales to Large Customers (Over 100 M. Gallons Per Month) Same Month Last Year	_____
3.	Add: Sales to Large Customers This Month	_____
4.	Add: Sales for Resale This Month	_____
5.	Denominator	_____
6.	WV American Water Purchases - M. Gallons	_____
7.	WV American Water Purchases - \$	_____
	Less: ( )	_____
8.	Amount Per M. Gallons To Be Recovered - Line 7-5	_____
9.	Surcharge Amount	\$ _____

The District currently has no water resale customers.

The proposed increased rates and charges will produce approximately \$339,110.00 annually in additional revenue, an increase of 9.3%.

The increase shown is based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increase or decrease) by the Public Service Commission in its review of this proposal.

IT IS ORDERED that the Putnam Public Service District give notice of the filing of said application by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Putnam County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest for notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reasons for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squires, Executive Secretary, P.O. Box 342, Charleston, West Virginia 25329.

IT IS FURTHER ORDERED that if no protests are received within said thirty day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squires  
Executive Secretary

**PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**22 January 2009**

**MINUTES**

Chairman Joe Miller called to order the regular meeting of the PSD Board with Board members Calvin Hatfield and Paul Callahan present. Staff members present included Mike McNulty, David Mercer, and Donnie Turner.

**RECOGNITION OF GUESTS**

Individuals present for professional obligations will be addressed under the designated agenda item.

**ORGANIZATION OF BOARD / ELECTION OF OFFICERS**

Calvin Hatfield made the motion to elect Joe Miller to serve as Chairman, Paul Callahan as Secretary, and Calvin Hatfield as Treasurer. Paul Callahan seconded the motion that was approved by unanimous vote.

**MINUTES OF PREVIOUS MEETING**

Calvin Hatfield made the motion approving the Minutes of the January 8, 2009 regular meeting of the PSD Board that were provided to the Board prior to the meeting for review. Paul Callahan seconded the motion that was approved by unanimous vote.

**FINANCIAL REPORT & PAYMENT OF REQUISITIONS**

A status report of the District's bank accounts was provided to the Board for review and discussion.

Requisition #866 in the amount of \$146,916.66 was presented to the Board for approval; and Requisition #867 in the amount of \$53,111.68 was presented to the Board for approval.

Following review, Calvin Hatfield made the motion approving the Requisitions as presented for payment. Paul Callahan seconded the motion that was approved by unanimous vote.

**CUSTOMER ADJUSTMENT REQUESTS**

Mr. McNulty presented the customer adjustment requests as outlined below.

Name/Address	Water	Sewer	Action
Cindy & James Burdette 32 Poplar Hills	---	\$63.04	Approved
August Zinkle 114 Teays Meadows	\$14.29	\$34.82	Approved
Ms. Paul Helvy 104 Country Side Est.	\$15.44 \$10.81	\$37.64 \$30.60	Approved
Kathryn Walker 124 Weather Ridge Dr.	\$7.72	\$18.82	Approved

**PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**MINUTES**

22 January 2009

Page 2

Hurricane Builders 115 Rustic Highlands	\$287.30	\$749.70	Approved
Staci Jones 30 Thoroughbred Rd.	\$101.16	---	Approved
Carisa Birscoe 1810 Harmons Br. Rd.	\$381.68	---	Approved
Danyelle Proctor 160 Church Camp Rd.	\$23.93	\$58.34	Approved
Juanita Bebord 2307 Joy Ln	---	\$24.47 \$29.17	Approved
Ronald C. Lilly 2203 Lily Dr.	---	\$356.64	Approved
Kenneth Rooper 11 Lee Circle	---	\$192.91	Approved
Charles McElfish 305 Teays Meadows	\$49.41	---	Approved
James Withrow 107 McCloud Road	\$160.66	---	Approved
Ernie Vecchil 447 Poplar Fork Rd.	\$38.60 \$136.66	---	Approved
Virginia Bennett 308 Teays Lane	\$4.63	---	Approved
David Thomas 20 Lake Chadesa Dr.	\$123.50	\$310.53	Approved
Charlton Raines 146 Hamon Dr. Lot 7	\$13.51	\$32.94	Approved

Following review, Calvin Hatfield made the motion approving the customer adjustment requests as presented. Paul Callahan seconded the motion that was approved by unanimous vote.

**OLD BUSINESS**

**WVDOH Projects**

Staff updated the Board on the status of current highway projects. E.L. Robinson Engineering Company hasn't received an estimate from Kokising for extending the sewer line along Rt. 34.

**Kanawha Valley / Midway Sewer Projects**

Mr. Mercer reported that he is still waiting on USDA RUS for permission to spend the remaining contingency money left in the project.

Staff presented Engineering Amendment No. 9 in the amount of \$1,990.00 for services related to bidding materials and equipment.

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Following discussion, Calvin Hatfield made the motion to approve Amendment No. 9 in the amount of \$1,999.00. Paul Callahan seconded the motion that was approved by unanimous vote.

**Water System Improvement Project**

Mr. Mercer reported that he is still waiting on USDA RUS for permission to spend the remaining contingency money left in the project.

*Contract No. 02*

Mr. McNulty reported that he has not received a response from Carl Fletcher, Esq., concerning his letter in response to Stonegate's claim for damages.

**Red House Collectors Project**

*Project Finances*

Staff presented Change Order No. 3 relating to the final adjusting of quantities for the **Red House Collectors Project** and authorizing payment in the amount of \$46,328.52 and authorizing the Chairman to sign the Estimate on behalf of the District.

Following review, Calvin Hatfield made the motion to approve Change Order No. 3 relating to the final adjusting of quantities for the **Red House Collectors Project** and authorizing payment in the amount of \$46,328.52 as presented and authorizing the Chairman to sign on behalf of the District. Paul Callahan seconded the motion that was approved by unanimous vote.

Calvin Hatfield made the motion to authorize Michael McNulty, General Manager to sign the Change Order. Paul Callahan seconded the motion that was approved by unanimous vote.

**Vintroux Hollow Sewer Project & Maintenance Building Project**

Staff informed the Board that notices would be delivered beginning January 23<sup>rd</sup> that sewer service is now available.

*Project Finances*

Staff presented Change Order No.2 relating to construction and other services for the **Vintroux Hollow Sewer Project & Maintenance Building Project** and authorizing payment in the amount of \$244,067.80 and authorizing the Chairman to sign the Estimate on behalf of the District.

Following review, Calvin Hatfield made the motion to approve Change Order No. 2 for the **Vintroux Hollow Sewer Project & Maintenance Building Project** in the amount of \$244,067.80 presented and authorizing the Chairman to sign on behalf of the District. Paul Callahan seconded the motion that was approved by unanimous vote.

Calvin Hatfield made the motion to authorize Michael McNulty, General Manager to sign the Change Order above Resolution. Paul Callahan seconded the motion that was approved by unanimous vote.

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**Vintroux Hollow Water Project & Maintenance Building Project**  
Staff updated the Board on the status of the project.

**Teays Hollow Sewer Project**  
Staff updated the Board on the Status of the project.

**Hometown Sewer Plant Upgrade Project**  
Staff presented the Request for Partial Substantial Completion for the completed mechanical portion of the project.

Following discussion, Calvin Hatfield made the motion to authorize the Chairman to sign the Request for Partial Substantial Completion on behalf of the District. Paul Callahan seconded the motion that was approved by unanimous vote.

**Jamestown Subdivision / Cow Creek Sewer Extension**  
Staff presented Resolution No. 15 for the **Jamestown Subdivision / Cow Creek Sewer Extension** in the amount of \$317.64 for project related items.

Following discussion, Calvin Hatfield made the motion to approve Resolution No. 15 in the amount of \$317.64. Paul Callahan seconded the motion that was approved by unanimous vote.

**Water Treatment Plant Pre-Sedimentation Basin Project**  
Staff updated the Board on the Status of the project.

**City of Hurricane**  
Staff updated the Board on the Status of the True-Up and that no contact has been made by the City in regards to a water purchase agreement.

**NEW BUSINESS**

**Developer Plans**

No plans were presented.

**OTHER BUSINESS**

No other business was presented.

**EXECUTIVE SESSION**

At 8:30 pm, Calvin Hatfield made the motion to recess the regular meeting and enter into executive session for the purpose of discussing personnel matters. Paul Callahan seconded the motion that was approved by unanimous vote.

At 8:50 pm, Calvin Hatfield made the motion to reconvene the regular meeting. Paul Callahan seconded the motion that was approved by unanimous vote.

PUTNAM PUBLIC SERVICE DISTRICT  
Regular Meeting of the PSD Board  
MINUTES

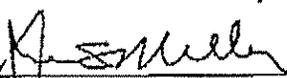
22 January 2009

Page 5

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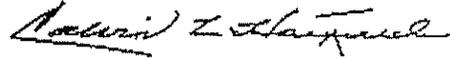
**ADJOURNMENT**

There being no further business, Calvin Hatfield made the motion to adjourn the regular meeting at 9:00 pm. Paul Callahan seconded the motion that was approved by unanimous vote.



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Joe E. Miller, Chairman



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Calvin L. Hatfield, Treasurer



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Paul D. Callahan, Secretary

PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

**Filter D Project**

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

The undersigned SECRETARY of the Public Service Board of Putnam Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

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The Public Service Board of Putnam Public Service District met in regular session, pursuant to notice duly posted, on the 19th day of November, 2009, in Putnam County, West Virginia, at the hour of 7:00 p m.

PRESENT:

Joe E. Miller, Chairman	Mike McNulty
Paul D. Callahan, Secretary	David Mercer
Calvin L. Hatfield	John Stump

ABSENT:

NONE

Joe Miller, Chairman, presided and Paul Callahan acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION  
AND CONSTRUCTION OF CERTAIN EXTENSIONS,  
ADDITIONS, BETTERMENTS AND IMPROVEMENTS  
TO THE EXISTING PUBLIC WATERWORKS  
FACILITIES OF PUTNAM PUBLIC SERVICE  
DISTRICT AND THE FINANCING OF THE COST,

NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$627,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA); 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 ARRA ASSISTANCE 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 Calvin L. Hatfield and seconded by Paul D. Callahan, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM) AND WATER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA DWTRF PROGRAM/ARRA) OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT 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.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Calvin L. Hatfield and seconded by Paul D. Callahan, 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 Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Calvin L. Hatfield and seconded by Paul D. Callahan, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Calvin L. Hatfield and seconded by Paul D. Callahan, it was unanimously ordered that the said Sweep Resolution be adopted.

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There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

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CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Putnam Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 4th day of December, 2009.



Secretary

**WV MUNICIPAL BOND COMMISSION**  
 1207 Quarrier Street  
 Suite 401  
 Charleston, WV 25301  
 (304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: 12/4/09

ISSUE: <u>Putnam Public Service District</u> <u>Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program)</u>	
ADDRESS: <u>Post Office Box 860, Scott Depot, West Virginia 25560</u>	COUNTY: <u>Putnam</u>
PURPOSE OF ISSUE: New Money: <u>  x  </u> Refunding: <u>      </u>	
REFUNDS ISSUE(S) DATED: <u>  NA  </u>	CLOSING DATE: <u>  4-Dec-09  </u>
ISSUE DATE: <u>  4-Dec-09  </u>	RATE: <u>  2% (no admin fee)  </u>
ISSUE AMOUNT: <u>  \$627,000  </u>	1ST PRINCIPAL DUE <u>  1-Mar-11  </u>
1ST DEBT SERVICE DUE: <u>  1-Mar-11  </u>	PAYING AGENT: <u>  Municipal Bond Commission  </u>
1ST DEBT SERVICE AMOUNT <u>  \$9,529  </u>	
BOND COUNSEL: Firm: <u>  Steptoe &amp; Johnson PLLC  </u> Contact: <u>  John Stump, Esquire  </u> Phone: <u>  (304) 353.8196  </u>	UNDERWRITERS COUNSEL: Firm: <u>  Jackson Kelly, PLLC  </u> Contact: <u>  Samme Gee, Esquire  </u> Phone: <u>  (304) 340-1318  </u>
CLOSING BANK: Bank: <u>  Putnam County Bank  </u> Contact: <u>  Rhonda Cunningham  </u> Phone: <u>  304.562.9931  </u>	ESCROW TRUSTEE: Firm: <u>                          </u> Contact: <u>                          </u> Phone: <u>                          </u>
KNOWLEDGEABLE ISSUER CONTACT: Contact: <u>  Mike McNulty  </u> Position: <u>  General Manager  </u> Phone: <u>  304.757.6551  </u>	OTHER: Agency: <u>  West Virginia DWTRF Program  </u> Contact: <u>  Robert DeCrease, P.E.  </u> Position: <u>  Manager  </u> Phone: <u>  304.558.2981  </u>
DEPOSITS TO MBC AT CLOSE By: <u>      </u> Wire <u>          </u> Accrued Interest: \$ <u>          </u> <u>      </u> Check <u>          </u> Capitalized Interest: \$ <u>          </u> <u>          </u> Reserve Account: \$ <u>          </u> <u>          </u> Other: \$ <u>          </u>	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: <u>      </u> Wire <u>          </u> To Escrow Trustee \$ <u>          </u> <u>      </u> Check <u>          </u> To Issuer \$ <u>          </u> <u>      </u> IGT <u>          </u> To Cons. Invest. Fund \$ <u>          </u> <u>          </u> To Other: <u>          </u> \$ <u>          </u>	
NOTES: <u>  Series 2009 A Bonds Reserve Account to be funded over 10 years  </u> <u>  </u> <u>  </u>	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: <u>  </u> TRANSFERS REQUIRED: <u>  </u> <u>  </u>	



PUTNAM PUBLIC SERVICE DISTRICT

Filter D Project

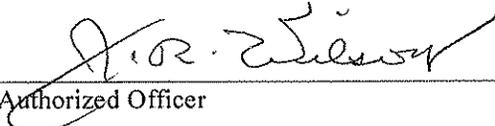
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Putnam County Bank, Hurricane, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the Putnam Public Service District (the "Issuer"), adopted November 19, 2009, and a Supplemental Resolution of the Issuer adopted November 19, 2009 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), dated December 4, 2009, in the principal amount of \$627,000; and Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), dated December 4, 2009, in the principal amount of \$100,000 (collectively, 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 4th day of December, 2009.

PUTNAM COUNTY BANK

  
\_\_\_\_\_  
Authorized Officer  
President

847280.00016

PUTNAM PUBLIC SERVICE DISTRICT

Filter D Project

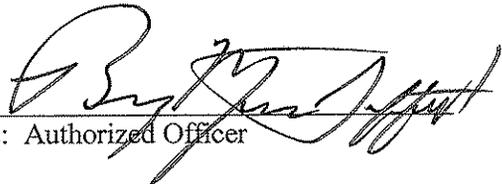
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2009 BONDS

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Putnam Public Service District Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), dated December 4, 2009, in the principal amount of \$627,000; and Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), dated December 4, 2009, in the principal amount of \$100,000 (collectively, "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 4th day of December, 2009.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

847280.00016

Putnam Public Service District  
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

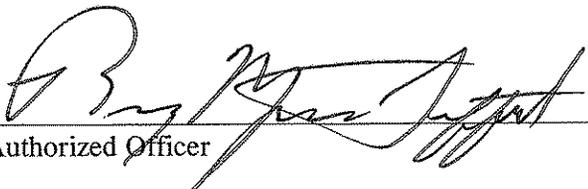
**Filter D Project**

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Resolution and Registrar's Agreement providing for the above-captioned Bonds of Putnam Public Service District (the "Issuer"), hereby certifies that on the date hereof (i) the single, fully registered Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program) of the Issuer, dated December 4, 2009, in the principal amount of \$627,000, numbered AR-1, and (ii) the single, fully registered Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA) of the Issuer, dated December 4, 2009, in the principal amount of \$100,000, numbered BR-1 were registered as to principal and interest, 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 4th day of December, 2009.

THE HUNTINGTON NATIONAL BANK

  
Authorized Officer

847280.00016

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PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)

**Filter D Project**

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 4th day of December, 2009, by and between PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$627,000 Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program); and its \$100,000 Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), both dated December 4, 2009 in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted November 19, 2009, and a Supplemental Resolution of the Issuer duly adopted November 19, 2009 (collectively, the "Bond Legislation");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond

Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Putnam Public Service District  
P.O. Box 860  
Scott Depot, West Virginia 25560  
Attention: Chairman

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

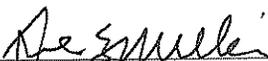
8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

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

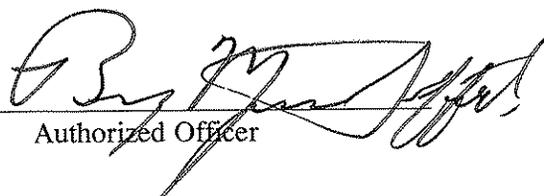
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IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

PUTNAM PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

847280.00016

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2.

SCHEDULE OF COMPENSATION

(Please see the attached)

Private Financial Group  
P.O. Box 633 - WE3013  
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES  
Invoice Date December 4, 2009

**Putnam Public Service District**  
**Account Number 6089001809**

Putnam Public Service District  
Water Revenue Bond, Series 2009 A  
C/o John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR December, 2009  
\*\*\*\*\*

TOTAL AMOUNT	\$	500.00
<b>TOTAL DUE</b>	<b>\$</b>	<b><u>500.00</u></b>

- \* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT \*
- \* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN \*
- \* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . \*
- \* .. GRIFFITH, 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

Private Financial Group  
P.O. Box 633 - WE3013  
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES  
Invoice Date December 4, 2009

**Putnam Public Service District**  
**Account Number 6089001809**

Putnam Public Service District  
Water Revenue Bonds, Series 2009 B  
C/o John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR December, 2009  
\*\*\*\*\*

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- \* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT \*
- \* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN \*
- \*.. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . \*
- \* .. GRIFFITH, 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

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/02/2009

PRODUCER (304)375-4900 FAX (304)375-2162  
Bill Bailey Insurance Agency  
701 Highland Avenue  
P. O. Box 246  
Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

INSURED Putnam PSD  
PO Box 147  
Scott Depot, WV 25560

## COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. JECT <input type="checkbox"/> LOC	SP9152081-02	07/01/2009	07/01/2010	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Per occurrence)	\$ 1,000,000
						MED EXP (Any one person)	\$ 10,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 3,000,000
						PRODUCTS - COMP OP AGG	\$ 3,000,000
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON OWNED AUTOS				COMBINED SINGLE LIMIT (Per accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN EA ACC	\$
						AUTO ONLY AGG	\$
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR, PARTNER, EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS	OTHER
						E L EACH ACCIDENT	\$
						E L DISEASE - EA EMPLOYEE	\$
						E L DISEASE - POLICY LIMIT	\$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder listed below is named as an Additional Insured in regards to the policy listed above.

### CERTIFICATE HOLDER

### CANCELLATION

WV Water Development Authority  
180 Association Drive  
Charleston, WV 25311

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/02/2009

PRODUCER (304)375-4900 FAX (304)375-2162  
 Bill Bailey Insurance Agency  
 701 Highland Avenue  
 P. O. Box 246  
 Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Putnam PSD  
 PO Box 147  
 Scott Depot, WV 25560

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B	
INSURER C	
INSURER D	
INSURER E	

## COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	ADD'L INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	SP9152081-02	07/01/2009	07/01/2010	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES - Ea occurrence \$ 1,000,000 MED EXP - Any one person \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP OR AGG \$ 3,000,000
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER/EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS OTH ER E L EACH ACCIDENT \$ E L DISEASE - EA EMPLOYER \$ E L DISEASE - POLICY LIMIT \$
		OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder listed below is named as an Additional Insured in regards to the policy listed above.

### CERTIFICATE HOLDER

### CANCELLATION

WV Water Development Authority  
 180 Association Drive  
 Charleston, WV 25311

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AUTHORIZED REPRESENTATIVE



**United States Department of Agriculture  
Rural Development  
West Virginia State Office**

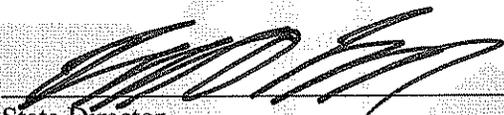
December 4, 2009

Putnam Public Service District  
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)  
Filter D Project

**CONSENT TO ISSUANCE OF PARITY BONDS**

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Series 2006 A Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), in the original aggregate principal amount of \$627,000; and Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), in the original aggregate principal amount of \$100,000 (collectively, the "Series 2009 Bonds"), by Putnam Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2009 Bonds (the "Resolution"), on a parity as to liens, pledge and source of and security for payment, and in all respects, with the Issuer's outstanding Water Revenue Bonds, Series 2006 A (United States Department of Agriculture) dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000 (the "Series 2006 A Bonds") (ii) waives any requirements imposed by the Series 2006 A Bonds or the resolutions authorizing the Series 2006 A Bonds (the "Series 2006 A Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2009 Bonds or the Resolution, and (iii) consents to any amendments made to the Series 2006 A Resolutions or the Series 2006 A Bonds by the Resolution.

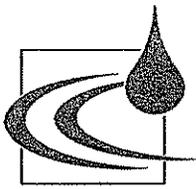


State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505  
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,  
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).



WEST VIRGINIA

**Water Development Authority**

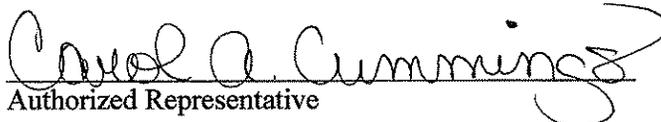
*Celebrating 34 Years of Service 1974 - 2008*

December 4, 2009

Putnam Public Service District  
Water Revenue Bonds, Series 2009 A  
(West Virginia DWTRF Program); and  
Water Revenue Bonds, Series 2009 B  
(West Virginia DWTRF Program/ARRA)  
**Filter D Project**

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Bassett & Lowe, the independent certified public accountants and an opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, of Putnam Public Service District (the "Issuer"), hereby consents to the issuance of the Water Revenue Bonds, Series 2009 A (West Virginia DWTRF Program) and Water Revenue Bonds, Series 2009 B (West Virginia DWTRF Program/ARRA), (collectively, the "Bonds"), by the Issuer, under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment with the Issuer's: (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000 (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000, (iii) Water Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000, and (iv) Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), dated January 28, 2008, issued in the original aggregate principal amount of \$1,436,000 (collectively, the "Prior Bonds").

  
Authorized Representative

847280.00016

180 Association Drive, Charleston, WV 25311-1217  
phone (304) 558-3612 / fax (304) 558-0299  
[www.wvwda.org](http://www.wvwda.org)

# 10

PWSID: WV3304011

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301  
Telephone (304) 558-2981

### PERMIT

(Water)

**PROJECT:** Water Treatment Plant Filters

**PERMIT NO.:** 18,273

**LOCATION:** Scott Depot

**COUNTY:** Putnam

**DATE:** 4-1-2009

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

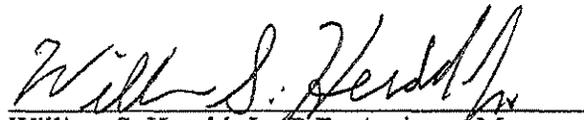
**Putnam Public Service District  
107 Poplar Fork Road  
Scott Depot, West Virginia 25560**

is hereby granted approval to: replace the filter media in the existing 242 SF Filter "B" with new mixed media (6" garnet or ilmenite, 12" sand and 40" GAC) and add manual over ride capabilities to valves; replace existing Filter "A" with a new 308 SF Filter "D" with mixed media (6" garnet or ilmenite, 12" sand and 40" GAC); and all necessary piping, valves, controls and appurtenances at the Putnam Public Service District water treatment plant.

The Environmental Engineering Division of the St. Albans District Office (304-722-0611) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

  
William S. Herold, Jr., P.E., Assistant Manager  
Infrastructure and Capacity Development  
Environmental Engineering Division

WSH:cls

pc: Bell Engineering  
James W. Ellars, P.E., PSC-Engineering Division  
Amy Swann, PSC  
Putnam County Health Department  
OEHS-EED St. Albans District Office

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**WATER REVENUE BONDS, SERIES 1999 A**  
**(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**  
**AND SERIES 1999 B**  
**(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

**BOND RESOLUTION**

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER REVENUE BONDS OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$6,440,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$5,425,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AND RATIFYING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND SERIES 1999 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT :

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns 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 improvements and extensions to the existing public waterworks system of the Issuer, including the acquisition of the assets of Kanawha Orchard Public Service District and the construction of water mains and a booster pump, together with all appurtenant facilities (collectively, the aforementioned acquisition and construction are referred to herein as the "Project") (the existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The 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 and the principal of and interest on the Bonds, and to make payments into all funds and accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. The Issuer has determined that, by refunding its outstanding water revenue bonds, it can achieve significant savings and remove burdensome covenants in the resolutions approving the Prior Bonds. The Issuer has the following water revenue bonds outstanding (i) Water Revenue Bonds, Series 1978, dated December 18, 1978 (the "Series 1978 Bonds"), issued in the original aggregate principal amount of \$460,000; (ii) Water Revenue Bonds, Series 1989 A, dated June 27, 1989 (the "Series 1989 A Bonds"), issued in the original aggregate principal amount of \$880,000; (iii) Water Revenue Bonds, Series 1989 B, dated June 27, 1989 (the "Series 1989 B Bonds"), issued in the original aggregate principal amount of \$54,475.03; (iv) Water Revenue Bonds, Series 1990 A, dated October 23, 1990 (the "Series 1990 A Bonds"), issued in the original aggregate principal amount of \$1,750,000; (v) Water Revenue Bonds, Series 1990 B, dated October 23, 1990 (the "Series 1990 B Bonds"), issued in the original aggregate principal amount of \$250,000; and (vi) Water Revenue Bonds, Series 1998 A, dated April 14, 1998 (the "Series 1998 A Bonds"), issued in the original aggregate principal amount of \$1,701,172.93, (collectively, the "Prior Bonds").

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$6,440,000 (the "Series 1999 A Bonds"), and Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$5,425,000 (the "Series 1999 B Bonds") (collectively, the "Series 1999 Bonds"), to permanently finance the costs of acquisition and construction of the

Project and the costs of currently refunding the Prior Bonds. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1999 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); amounts payable to the holder of the Prior Bonds to currently refund the Prior Bonds; 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 Project, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 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, the refunding of the Prior Bonds 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 1999 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 1999 A Bonds and Series 1999 B Bonds be sold to the Authority pursuant to the terms and provisions of loan agreements to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by the Supplemental Resolution of the Issuer.

H. There is an outstanding obligation of the Issuer which will rank junior and subordinate to the Series 1999 Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water System Note, Series 1997 (the "Series 1997 Note"), dated October 30, 1997, issued in the original principal amount of not to exceed \$250,000. The Issuer has obtained the consent of the Holder of the Series 1997 Note to the issuance of the Series 1999 Bonds senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. Following the refunding of the Prior Bonds and other than the Series 1997 Note, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System, the refunding of the Prior Bonds, and issuance of the

Series 1999 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 West Virginia Infrastructure and Jobs Development Council, 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 1999 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1999 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 Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1999 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 Chapter 16, Article 13A 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 1999 A Bonds and the Series 1999 B Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"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.

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

"Bonds" means, collectively, the Series 1999 Bonds and any bonds on a parity with the Series 1999 Bonds subsequently issued hereunder or pursuant to another resolution of the Issuer.

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

"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 Howard K. Bell Consulting Engineers, Inc., Lexington, Kentucky, or any 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 refunding the Prior Bonds and of acquisition and construction of the Project.

"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 Grant received by the Issuer for the Project.

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

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

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

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

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

"Loan Agreements" means, collectively, the Loan Agreements to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, 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 each series of Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account for such series. 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 such series, 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 only of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1999 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 Bonds.

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

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

"Parity Bonds" means additional Bonds which may be 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 1999 A Bonds and the Series 1999 B Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1978, Series 1989 A, Series 1989 B, Series 1990 A, Series 1990 B and Series 1998 A, as described in Section 1.02D hereof.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of

Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"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 State Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

"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 Section 5.01 hereof.

"Reserve Accounts" means, collectively, the Series 1999 A Bonds Reserve Account and the Series 1999 B Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Series 1999 A Bonds Reserve Account and the Series 1999 B Bonds Reserve Account.

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

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

"Series 1999 Bonds" means, collectively, the Series 1999 A Bonds and the Series 1999 B Bonds.

"Series 1999 A Bonds" means the not more than \$6,440,000 in aggregate principal amount of Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 1999 A Bonds Construction Trust Fund" means the Series 1999 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 A Bonds Reserve Account" means the Series 1999 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 1999 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 1999 A Bonds in the then current or any succeeding year.

"Series 1999 A Bonds Sinking Fund" means the Series 1999 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1999 B Bonds" means the not more than \$5,425,000 in aggregate principal amount of Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 1999 B Bonds Refunding Trust Fund" means the Series 1997 B Bonds Refunding Trust Fund established by Section 5.01 hereof.

"Series 1999 B Bonds Reserve Account" means the Series 1999 B Bonds Reserve Account established by Section 5.01 hereof.

"Series 1999 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 1999 B Bonds in the then current or any succeeding year.

"Series 1999 B Bonds Sinking Fund" means the Series 1999 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1997 Note" means the Issuer's Water System Note, Series 1997, described in Section 1.02H hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1999 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1999 Bonds, and not so included, may be included in another Supplemental Resolution.

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

"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 include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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 AND REFUNDING OF THE PRIOR BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project and Refunding of the Prior Bonds. There is hereby authorized and ordered the refunding of the Prior Bonds, at an estimated cost of \$5,348,301.64, and the acquisition and construction of the Project, at an estimated cost of \$6,843,598, 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 1999 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated to be \$6,844,217.23, of which \$6,440,000 will be obtained from proceeds of the Series 1999 A Bonds, \$154,217.23 will be obtained from proceeds of the Series 1999 B Bonds, \$50,000 will be obtained from a grant by the State of West Virginia, \$50,000 will be obtained from a grant by The County Commission of Putnam County, \$64,861.17 will be obtained from funds of Kanawha Orchard Public Service District and \$303,598 will be obtained from other monies of the Issuer.

The cost of refunding the Prior Bonds is estimated to be \$5,348,301.64 which will be obtained from proceeds of the Series 1999 B Bonds in the amount of \$5,270,782.77 and a transfer from the debt service reserve fund for the Prior Bonds in the amount of \$77,518.87.

### ARTICLE III

#### **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENTS**

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1999 Bonds, funding reserve accounts for the Series 1999 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1999 Bonds of the Issuer. The Series 1999 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority)," in the principal amount of not more than \$6,440,000, and "Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority)," in the principal amount of not more than \$5,425,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest on the Series 1999 Bonds, if any, shall be deposited in or credited to the Series 1999 A Bond Construction Trust Fund and Series 1999 B Bond Refunding Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 1999 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 semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 1999 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 1999 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.

B. The Series 1999 B Bonds shall be issued in such principal amounts, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 1999 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency

which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1999 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 1999 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority. The Series 1999 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1999 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 1999 A Bonds shall cease to be such officer of the Issuer before the Series 1999 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 1999 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 1999 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 1999 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any Series 1999 Bond shall be conclusive evidence that such Series 1999 Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1999 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 1999 Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1999 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 1999 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be 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 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 (where applicable) 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 1999 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 1999 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Series 1997 Note. The payment of the debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 1999 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 Bonds to the original purchasers upon receipt of the documents set forth below:

- (1) If other than the Authority, a list of the names in which the Series 1999 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1999 Bonds to the original purchasers;
- (3) An executed and certified copy of the Bond Legislation;
- (4) An executed copy of the Loan Agreements;

(5) A receipt from the United States Department of Agriculture, Rural Utilities Service, reflecting payment in full of the Issuer's Prior Bonds; and

(6) The unqualified approving opinion of bond counsel on the Series 1999 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 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 1999 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 1999 A  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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 (\$ \_\_\_\_\_), in installments on October 1 of each year, beginning October 1, 199\_\_\_\_, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning \_\_\_\_\_ 1, 199\_\_\_\_. 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreements between the Issuer and the Authority, dated June 16, 1999.

This Bond is issued to provide funds, along with other available monies of the Issuer (i) to pay the costs of acquisition and construction of certain improvements and

extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (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 WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000 (THE "SERIES 1999 B BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S WATER SYSTEM NOTE, SERIES 1997, DATED OCTOBER 30, 1997, ISSUED IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000 (THE "SERIES 1997 NOTE").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account") and unexpended proceeds of the Bonds, and senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 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 on the Bonds and all other

obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1999 B Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest 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 prior to or on a parity with the Bonds, including the Series 1999 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 Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto  
affixed and attested by its Secretary, and has caused this Bond to be dated  
\_\_\_\_\_, 199\_\_.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 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: \_\_\_\_\_, 199\_\_.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
In the presence of:  
  
\_\_\_\_\_

(FORM OF SERIES 1999 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 1999 B  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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 (\$ \_\_\_\_\_), in installments on October 1 of each year, beginning October 1, 199\_\_\_\_, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning \_\_\_\_\_ 1, 199\_\_\_\_. 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreements between the Issuer and the Authority, dated June 16, 1999.

This Bond is issued (i) to pay the costs of refunding the Prior Bonds of the Issuer; (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance

hereof and related costs. The existing public waterworks system of the Issuer, the Project constructed with the proceeds of the Series 1999 A Bonds (hereinafter defined) and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (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 WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000 (THE "SERIES 1999 A BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S WATER SYSTEM NOTE, SERIES 1997, DATED OCTOBER 30, 1997, ISSUED IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000 (THE "SERIES 1997 NOTE").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 B Bonds Reserve Account") and unexpended proceeds of the Bonds, and senior and prior to the lien on Surplus Revenues in favor of the holder of the Series 1997 Note. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1999 A Bonds; provided however, that so long as there exists in the Series 1999 B Bonds Reserve Account an amount at least equal to the maximum

amount of principal and interest 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 prior to or on a parity with the Bonds, including the Series 1999 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 Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto  
affixed and attested by its Secretary, and has caused this Bond to be dated  
\_\_\_\_\_, 199\_\_.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 199\_\_\_\_\_.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE



Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Series 1999 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements in the forms attached hereto as "EXHIBIT A" and "EXHIBIT B" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

## ARTICLE V

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

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with 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;
- (2) Renewal and Replacement Fund;
- (3) Series 1999 A Bonds Construction Trust Fund;
- (4) Series 1999 B Bonds Refunding Trust Fund; and
- (5) Rebate Fund.

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

- (1) Series 1999 A Bonds Sinking Fund;
- (2) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account;
- (3) Series 1999 B Bonds Sinking Fund; and
- (4) Within the Series 1999 B Bonds Sinking Fund, the Series 1999 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, simultaneously, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1999 A Bonds for which interest has not been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1999 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date; and (ii) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1999 B Bonds for which interest has not been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1999 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date;

(3) The Issuer shall next, simultaneously, on the first day of each month, (i) commencing 13 months prior to the first date of payment of principal of the Series 1999 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1999 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be

increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1999 B Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1999 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, simultaneously, on the first day of each month, transfer from the Revenue Fund and (i) commencing 13 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, remit to the Commission for deposit in the Series 1999 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 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 1999 A Bonds Reserve Requirement; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1999 B Bonds, if not fully funded upon issuance of the Series 1999 B Bonds, remit to the Commission for deposit in the Series 1999 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 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 1999 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, 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 moneys from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall pay the principal and interest on the Series 1997 Note, and, following such payments, any moneys remaining therein and not permitted to be retained therein may be used by the Issuer to prepay portions of the principal amount of the Bonds, pro rata, or for any lawful purpose of the System.

Moneys in the Series 1999 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1999 A Bonds as the same shall become due. Moneys in the Series 1999 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1999 A Bonds as the same shall come due, when other moneys in the Series 1999 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Moneys in the Series 1999 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1999 B Bonds as the same shall become due. Moneys in the Series 1999 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1999 B Bonds as the same shall come due, when other moneys in the Series 1999 B Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the

Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1999 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 due on the Series 1999 A Bonds, and then to the next ensuing principal payment due thereon.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1999 B Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1999 A Bonds Reserve Account or the Series 1999 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 1999 A Bonds Reserve Requirement or the Series 1999 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made as set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 A Bonds Sinking Fund or the Series 1999 A Bonds Reserve Account when the aggregate amount of funds therein is at least equal to the aggregate principal amount of the Series 1999 A Bonds issued pursuant to this Bond

Legislation then Outstanding and all interest to accrue until the maturity date thereof.

The Issuer shall not be required to make any further payments into the Series 1999 B Bonds Sinking Fund or the Series 1999 B Bonds Reserve Account when the aggregate amount of funds therein is at least equal to the aggregate principal amount of the Series 1999 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity date thereof.

Interest, principal or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1999 A Bonds and the Series 1999 B Bonds in accordance with the respective principal amounts then outstanding.

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

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 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 any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 1999 A

Bonds Sinking Fund, the Series-1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1999 A Bonds and the Series 1999 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall 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 any time, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of the 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.

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1999 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1999 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall first be deposited with the Commission in the Series 1999 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 1999 A Bonds for the period commencing on the date of issuance of the Series 1999 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 1999 A Bonds, there shall be deposited with the Commission in the Series 1999 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1999 A Bonds Reserve Account, and from the proceeds of the Series 1999 B Bonds, there shall be deposited with the Commission in the Series 1999 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1999 B Bonds Reserve Account.

C. The proceeds derived from the sale of the Series 1999 A Bonds shall be deposited with the Depository Bank in the Series 1999 A Bonds Construction Trust Fund and applied solely to pay the Costs of the Project in the manner set forth in Section 6.02.

D. The proceeds derived from the sale of the Series 1999 B Bonds shall be deposited with the Depository Bank in the Series 1999 B Bonds Refunding Trust Fund and applied to pay the outstanding principal of and interest on the Prior Bonds, pay costs of issuance of the Series 1999 B Bonds, and to pay the Costs of the Project in the manner set forth in Section 6.03.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1999 A Bonds Construction Trust Fund and the Series 1999 B Bonds Refunding Fund and shall comply with all requirements with respect to the disposition of the moneys in such funds set forth herein. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Series 1999 A Bonds Refunding Fund and the Series 1999 B Bonds Refunding Trust Fund shall be used solely to pay the Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1999 A Bonds and the Series 1999 B Bonds, respectively.

Section 6.02. Disbursements From the Series 1999 A Bonds Construction Trust Fund. Except as provided in Section 6.01 hereof, disbursements from the Series 1999 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 Bonds which shall be made upon request of the Issuer) shall be made each month only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

(ii) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the Project;

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 1999 A Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1999 A Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 1999 A Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

After completion of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, the Depository Bank shall transfer any moneys remaining in the Series 1999 A Bonds Construction Trust Fund to the Series 1999 A Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 1999 A Bonds be deposited in the Series 1999 A Bonds Reserve Account, and when the Series 1999 A Bonds Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payment due on the Series 1999 A Bonds and thereafter to the next ensuing principal payment due thereon.

Pending such application, moneys in the Series 1999 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

All moneys in the Series 1999 A Bonds Construction Trust Fund and the Series 1999 B Bonds Refunding Trust Fund shall be kept separate and apart from each other.

Section 6.03. Disbursements From the Series 1999 B Bonds Refunding Trust Fund. The Issuer shall, immediately upon issuance of the Series 1999 B Bonds, pay to the holder of the Prior Bonds the amount necessary to pay in full the outstanding principal of and interest on the Prior Bonds. Further disbursements from the Series 1999 B Bonds Refunding Trust Fund shall be made upon request by the Issuer.

Pending such application, moneys in the Series 1997 B Bonds Refunding 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 1999 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 1999 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1999 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Series 1997 Note. The payment of the debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, senior and prior to the lien on Surplus Revenues in favor of the holder of the Series 1997 Note. The Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered on May 28, 1999, in Case No. 98-0819-PWD-CN, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Series 1999 Bonds are outstanding and except as otherwise required by law or with the written consent of 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 Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the

Commission for deposit in the Series 1999 A Bonds Sinking Fund and the Series 1999 B Bonds Sinking Fund and, with the written permission of the Authority, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Bonds. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the 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 \$50,000, the Issuer shall, in writing, 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 derived from any such sale shall be deposited in the Revenue 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 \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body 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 shall be deposited in the Renewal and Replacement Fund.

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 \$200,000 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 1999 Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 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 1999 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 1999 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1999 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Series 1999 Bonds pursuant to this Bond Legislation, except under the additional conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1999 Bonds issued pursuant hereto, or both such purposes.

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

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

The "estimated average increased annual Net Revenues 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 (without successful appeal) 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, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1999 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 1999 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 Facilities. 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 or its 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 such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Authority or any other original purchaser of the Series 1999 Bonds; and shall mail in each year to any Holder or Holders of the Series 1999 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1999 Bonds, and shall submit said report to the Authority or any other original purchaser of the Series 1999 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1999 Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 1999 Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1999 Bonds.

In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget; Audit 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 within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and 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 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 Agreements as Exhibit C, and forward a copy of such report to the Authority 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 Agreements, 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 Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident

engineer shall certify to the Authority 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 agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreements.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the sewerage system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the sewerage facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the sewerage system provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. Except as provided by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part

thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1999 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 Agreements, 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 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. In the event the Loan Agreements so require, 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. [Reserved]

Section 7.17. Completion and Operation of Project; Permits and Orders.

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

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

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1999 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1999 Bonds during the term thereof is, under the terms of the Series 1999 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1999 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1999 Bonds during the term thereof is, under the terms of the Series 1999 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1999 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1999 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1999 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1999 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1999 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1999 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1999 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 1999 Bonds, and shall be on a parity with each other.

Section 7.20. Compliance with Loan Agreements and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreements, the Act and all applicable laws, rules and regulations issued by the Authority, 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).

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the Rebate Fund. 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 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1999 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1999 Bonds which would cause the Series 1999 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to each series of the Series 1999 Bonds) so that the interest on the Series 1999 Bonds will be and remain excluded from gross income for

federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1999 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1999 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the

event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1999 Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1999 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 1999 Bonds (as such term "gross proceeds" is defined in the Code).

## 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 1999 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 1999 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 1999 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on either series of the Series 1999 Bonds, it shall constitute an "Event of Default" with respect to the other series of Series 1999 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided that, all rights and remedies of the Holders of the Series 1999 Bonds shall be on a parity with each other and senior and prior to the rights of the Holder of the Series 1997 Note, if any.

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

## ARTICLE X

### DEFEASANCE AND PAYMENT OF BONDS

Section 10.01.     Defeasance of Series 1999 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1999 A Bonds or the Series 1999 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to such Series of 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 Owners of such Series of Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on such Series of Bonds from gross income for federal income tax purposes.

Series 1999 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1999 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1999 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1999 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1999 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1999 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 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 1999 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1999 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1999 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1999 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 1999 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 1999 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.

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

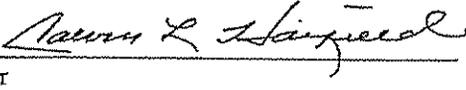
Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper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

- (a) The maximum amount of the Series 1999 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1999 Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 15th day of June, 1999.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Member

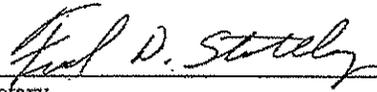
\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 15th day of June, 1999.

Dated: June 16, 1999.

[SEAL]

  
Secretary

06/14/99  
847280/99003

CH324321.1

EXHIBIT A

Series 1999 A Bonds Loan Agreement included in transcript as Document 3.

EXHIBIT B

Series 1999 B Bonds Loan Agreement included in transcript as Document 3.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds,  
Series 1999 A (West Virginia Water Development Authority)  
and Series 1999 B (West Virginia Water Development Authority)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION PROVIDING FOR CERTAIN AMENDMENTS TO THE BOND RESOLUTION, ADOPTED JUNE 15, 1999, AUTHORIZING THE WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

WHEREAS, the Public Service Board (the "Governing Body") of South Putnam Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective June 15, 1999 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER REVENUE BONDS OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$6,440,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$5,425,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AND RATIFYING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND SERIES 1999 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds of the Issuer (collectively, the "Series 1999 Bonds"), to be issued in two series, being the Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$6,440,000 (the "Series 1999 A Bonds"), and the Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$5,425,000 (the "Series 1999 B Bonds"), and on June 16, 1999, the Series 1999 Bonds were issued by the District;

WHEREAS, the Issuer has determined that certain amendments should be made to the Bond Resolution to more accurately reflect the terms of the Series 1999 Bonds and proposes to adopt this Second Supplemental Resolution to affect such amendments;

WHEREAS, the West Virginia Water Development Authority, as holder of the Series 1999 Bonds, has indicated that it will provide written consent to the District for the amendments to the Bond Resolution set forth in this Second Supplemental Resolution; and

WHEREAS, the Governing Body deems it essential and desirable that this second supplemental resolution (the "Second Supplemental Resolution") be adopted.

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

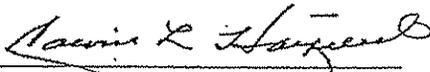
Section 1. Pursuant to the Section 11.01 of the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered the following amendments to the Bond Resolution:

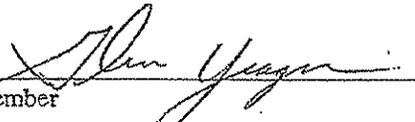
(A) The definition of "Series 1999 A Bonds Reserve Requirement" in Section 1.04 shall be amended to read as follows:

Adopted this 22nd day of June, 1999.

SOUTH PUTNAM PUBLIC SERVICE  
DISTRICT

  
Chairman

  
Member

  
Member

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Public Service Board of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 22nd day of June, 1999.

Dated: June 22, 1999

[SEAL]

  
Secretary

06/22/99  
847280/98003

CH325411.1

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$450,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), FOR THE PURPOSES OF FINANCING CERTAIN SINKING FUND AND DEBT SERVICE RESERVE FUND ARREARAGES AND COSTS OF ISSUANCE OF THE NOTES; AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), FOR THE PURPOSES OF TEMPORARILY FINANCING A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE ISSUER AND COSTS OF ISSUANCE OF THE NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES; AND ENACTING OTHER PROVISIONS WITH RESPECT THERETO.

BE IT RESOLVED AND ADOPTED BY THE PUBIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Notes Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 1 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.    South Putnam Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Putnam County of said State.

B.    The Issuer is in arrears with respect to certain of its sinking fund and debt service reserve payments on its Prior Bonds, as hereinafter defined. The Issuer has filed, and the Public Service Commission of West Virginia has approved by final order in Case No. 03-0303-PWD-42T entered on January 27, 2004, as amended by a corrective order entered on February 6, 2004, a petition seeking a rate increase and a surcharge, the proceeds of which are to be used to fund the sinking fund and debt service reserve funds for the Prior Bonds, but the Issuer finds it necessary to borrow additional funds to pay arrearages on the Prior Bonds pending the receipt of increased revenues expected to result from such rate increase and surcharge.

C.    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 constructed certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer, specifically including, but not limited to, relocation of an existing 16 inch water transmission line and installation of a new 24 inch water transmission line under the soon-to-be expanded U. S. Route 35 interchange near Winfield, West Virginia, and all necessary appurtenant facilities (the "Project"). The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System."

D.    It is deemed necessary for the Issuer to issue its (i) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority) (the "Series 2004 A Notes"), in an aggregate principal amount of not more than \$450,000, to finance the sinking fund and debt service reserve fund arrearages on its Prior Bonds and to pay costs of issuance of the Series 2004 A Notes and related costs, and (ii) Waterworks System Bond Anticipation Notes, Series 2004 B (the "Series 2004 B Notes" and together with the Series 2004 A Notes, collectively referred to herein as the "Notes"), in an aggregate principal amount of not more than \$400,000, to temporarily finance a portion of the costs of acquisition and construction of the Project and the costs of issuance of the Series 2004 B Notes and related costs, pending the issuance of revenue bonds anticipated to be issued to permanently finance the costs of the Project.

E.    The Issuer has outstanding its (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$6,440,000, and (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, and

issued in the original aggregate principal amount of \$5,425,000 (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System.

F. The Series 2004 A Notes shall be payable with respect to liens, pledge and source of and security for payment from the Net Revenues of the System, on a parity with the Prior Bonds and prior and senior to the Series 2004 B Notes. The Series 2004 B Notes shall be payable only from and secured by a first lien on (i) the proceeds of revenue bonds or other obligations of the Issuer issued subsequent to the issuance of the Series 2004 B Notes to permanently finance the costs of the Project; (ii) the proceeds of any grants received by the Issuer for the Project; and (iii) the Surplus Revenues, if any, of the System. The Series 2004 B Notes shall be junior and subordinate to the Prior Bonds and the Series 2004 A Notes with respect to liens, pledge and source of and security for payment insofar as the Series 2004 B Notes are not secured by the Net Revenues of the System.

G. It is in the best interests of the Issuer that the Series 2004 A Notes be sold to the Authority (as hereinafter defined) pursuant to the terms and conditions of a loan agreement by and between the Issuer and the Authority (the "Series 2004 A Notes Loan Agreement"), and that the Series 2004 B Notes be sold to the Authority pursuant to the terms and conditions of a loan agreement by and between the Issuer and the Authority (the "Series 2004 B Notes Loan Agreement").

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition and construction of the Project, operation of the System and issuance of the Notes, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of an order of the Public Service Commission of West Virginia approving this financing by final order entered on April 6, 2004, in Case No. 04-0034-PWD-PC, the time for rehearing and appeal of which will either have expired prior to the issuance of the Notes or such final order will not be subject to appeal or rehearing.

Section 1.03. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the following meanings in this Resolution unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of enactment of this Resolution.

"Administrative Fee" means any administrative fee required to be paid under the Loan Agreements.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Notes, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other officer or person of the Issuer specifically designated by resolution of the Governing Body of the Issuer.

"Board" or "Governing Body" means the public service board of the Issuer or any successor thereto.

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

"Chairman" means the Chairman of the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Notes for all or a portion of the proceeds thereof representing the purchase price of the Notes by the Authority.

"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 Howard K. Bell, Consulting Engineers, Inc., Teays Valley, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time now or 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.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation or 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.

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

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

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

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

"Loan Agreements" means, collectively, the Series 2004 A Notes Loan Agreement and the Series 2004 B Notes Loan Agreement.

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

"Noteholder" or "Holder of the Notes" or "Holder" or "Registered Owner" or any similar term means any person who shall be the registered owner of any Outstanding Note or Notes.

"Notes" means, collectively, the Series 2004 A Notes and the Series 2004 B Notes.

"Notes Legislation" or "Resolution" means this Note Resolution and all orders, ordinances and resolutions supplemental hereto or amendatory hereof.

"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 of any project relating to the acquisition or

construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent (all as herein defined), 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 Prior Bonds or the Notes, charges for depreciation, losses from the sale or other disposition of or 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 delivered except (a) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Notes Resolution and set aside for such payment (whether upon or prior to maturity); and (b) any Bond deemed to have been paid as provided in their respective authorizing resolutions.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 8.07 hereof.

"Paying Agent" means the Commission or other entity to be designated as the Paying Agent for the Notes in the Supplemental Resolution and its successors and assigns.

"Prior Bonds" means, collectively, the Series 1999 A Bonds and Series 1999 B Bonds of the Issuer.

"Prior Resolution" means the resolution of the Issuer enacted June 16, 1999, as supplemented, authorizing the Prior Bonds.

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home

Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolution.

"Revenue Fund" means the Revenue Fund established by the Prior Resolution.

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

"Series 1999 A Bonds" means the Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), of the Issuer, dated July 16, 1999, and issued in the original aggregate principal amount of \$6,440,000.

"Series 1999 B Bonds" means the Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), of the Issuer, dated July 16, 1999, and issued in the original aggregate principal amount of \$5,450,000.

"Series 2004 A Loan Agreement" means the Loan Agreement heretofore entered into, or to be entered into, between the Issuer and the Authority providing for the purchase of the Series 2004 A Notes 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.

"Series 2004 B Loan Agreement" means the Loan Agreement heretofore entered into, or to be entered into, between the Issuer and the Authority providing for the purchase of the Series 2004 B Notes 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.

"Series 2004 A Notes" means the not more than \$450,000 Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), originally authorized hereby.

"Series 2004 A Notes Sinking Fund" means the Series 2004 A Sinking Fund established by Section 4.02 hereof.

"Series 2004 A Notes Reserve Account" means the Series 2004 A Notes Reserve Account established by Section 4.02 hereof.

"Series 2004 A Notes Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 A Notes in the then current or any succeeding year.

"Series 2004 B Notes" means the not more than \$400,000 Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), originally authorized hereby.

"Series 2004 B Notes Payment Fund" means the Series 2004 B Notes Payment Fund established by Section 5.02 hereof.

"Series 2004 B Notes Proceeds Fund" means the Series 2004 B Notes Proceeds Fund established by Section 5.01 hereof.

"Series 2004 B Notes Sinking Fund" means the Series 2004 B Sinking Fund established by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution of the Issuer amending or supplementing this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Notes, provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues, if any, not required by the Prior Resolution to be set aside and held for the payment of or security for the Prior Bonds, including any sinking fund, reserve accounts and renewal and replacement funds.

"System" means, collectively, the complete existing 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 include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of enactment of this Resolution.

Section 1.04. Notes Legislation Constitutes Contract. In consideration of the acceptance of the Notes by those who shall be the Registered Owners of the same from time to time, this Notes 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 benefit, protection and security of the Registered Owners of the Notes.

ARTICLE II

AUTHORIZATION OF FINANCING OF SINKING FUND AND DEBT SERVICE  
RESERVE FUND ARREARAGES; AUTHORIZATION OF THE  
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Financing of Sinking Fund and Debt Service Reserve Fund Arrearages. There is hereby authorized and ordered the financing of the Prior Bonds sinking fund and debt service reserve fund arrearages which will be paid from the proceeds of the Series 2004 A Notes.

Section 2.02. Authorization of the Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed \$400,000, which will be obtained from the proceeds of the Series 2004 B Notes, 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 2004 B Notes hereby authorized shall be applied as provided in Article V 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.

## ARTICLE III

### THE NOTES

Section 3.01. Authorization of the Notes. For the purposes of financing sinking fund and debt service reserve fund arrearages with respect to the Prior Bonds and paying costs of issuance of the Series 2004 A Notes and related costs, there shall be and hereby are authorized to be issued the Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), of the Issuer, in an aggregate principal amount of not more than \$450,000. For the purposes of temporarily financing the costs of acquisition and construction of the Project and paying the costs of issuance of the Series 2004 B Notes and related costs, there shall be and hereby are authorized to be issued the Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), of the Issuer, in an aggregate principal amount of not more than \$400,000, such amount to be set forth in the Supplemental Resolution.

Section 3.02. Terms of Notes. The Series 2004 A Notes shall be issued in fully registered form and shall be initially issued as one Note, numbered AR-1, in the aggregate principal amount of not to exceed \$450,000. The Series 2004 B Notes shall be issued in fully registered form and shall be initially issued as one Note, numbered BR-1, in the aggregate principal amount of not to exceed \$400,000. The Notes shall be dated such date, shall be in such amounts, shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such date or dates; shall mature on such dates; and shall be subject to such repayment or redemption, all as provided in the Supplemental Resolution or as specifically provided in the Notes. The Notes shall be payable as to principal and interest at the principal office of the Paying Agent in any coin or currency which, on the date of payment, is legal tender for the payment of public and private debts under the laws of the United States of America.

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

No Note shall be valid or entitled to any security or benefit under this Resolution unless and until the certificate of authentication and registration on such Note shall have been duly manually executed by the Registrar, and such executed certificate of the Registrar upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Notes Legislation. The certificate of authentication and registration shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Notes issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Notes shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Notes, shall be conclusively deemed to have agreed that said Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Notes shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Notes remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Notes. The Notes shall be transferrable only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar by request of the registered owner thereof in person or by his attorney duly authorized in writing, and upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of a Note, there shall be issued to the transferee another fully registered Note or Notes of the aggregate principal amount equal to the unpaid amount of the transferred Note.

In all cases in which the privilege of transferring Notes is exercised, Notes shall be delivered in accordance with the provisions of this Resolution. All Notes surrendered in any such transfers shall forthwith be canceled by the Registrar. For every such transfer of Notes, the 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 transfer and the cost of preparing each new Note upon each transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Registrar shall not be obliged to make any such transfer of Notes during the 15 days preceding an interest payment date on the Notes or after notice of any prepayment of the Notes has been given.

Section 3.05. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the Issuer, may in its discretion,

issue and deliver a new Note in exchange and substitution for such mutilated Note upon surrender and cancellation of such mutilated Notes or in lieu of and substitution for the Note destroyed, stolen or lost and upon the Holder's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Notes so surrendered shall be submitted to and canceled by the Registrar and held for the account of the Issuer. If such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 3.06.      Form of Notes.      The text of the Notes shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF NOTE)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), in annual installments on the 1st day of October each year, commencing October 1, 2005, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment as the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Note to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2004, as set forth on Exhibit A attached hereto. 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 Note 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 month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Note 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated June 18, 2004.

This Note is issued (i) to finance certain sinking fund and debt service reserve fund arrearages with respect to the Prior Bonds; and (ii) to pay the costs of issuance hereof and related costs. This Note 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution duly enacted by the Issuer on June 8, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 11, 2004 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

THIS NOTE IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECT WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000, AND (2) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,450,000 (COLLECTIVELY, THE "PRIOR BONDS"). THIS NOTE IS SENIOR IN ALL RESPECTS TO THE ISSUER'S SERIES 2004 B NOTES ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$120,000 (THE "SERIES 2004 B NOTES").

This Note is payable only from and secured by a pledge of the Net Revenues (as defined in the Notes 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 unexpended proceeds of the Series 2004 A Notes. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Note does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues and unexpended proceeds of the Series 2004 A Notes. The Issuer has entered into certain covenants with the registered owners of the Notes for the terms of which reference is made to the Notes Legislation. Remedies provided the registered owners of the Notes are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon

surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All monies received from the sale of this Note shall be applied to the payment of the sinking fund and debt service reserve fund arrearages related to the Prior Bonds and the costs of issuance and related costs described in the Notes 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 Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

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

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
has caused this Note to be signed by its Chairman and its corporate seal to be hereunto  
affixed and attested by its Secretary, and has caused this Note to be dated  
\_\_\_\_\_, 2004.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2004 A Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2004.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF SERIES 2004 B NOTE)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATERWORKS SYSTEM BOND ANTICIPATION NOTE, SERIES 2004 B  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, on October 1, 2007, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), together with accrued interest thereon, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The principal of this Note is payable in any coin or currency which on the date of payment thereof 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 shall run from the original date of delivery of this Note to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2004, as set forth on Schedule X to the Series 2004 B Notes Loan Agreement attached as Exhibit B hereto and incorporated herein by reference. The interest on this Note 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 month next preceding the interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Note 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated June 18, 2004.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay the costs of issuance hereof and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System". This Note 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution duly adopted by the Issuer on June 8, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 11, 2004 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Note are payable only from and secured by a first lien on (i) the proceeds of any grants received by the Issuer for the System; (ii) the proceeds of revenue bonds or other obligations of the Issuer issued subsequent to the issuance of this Note to permanently finance the costs of acquisition and construction of the Project; and (iii) the Surplus Revenues, if any, of the System. The monies from these sources shall be deposited into the Series 2004 B Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of and interest on this Note. THIS NOTE HAS NO LIEN ON THE NET REVENUES OR GROSS REVENUES OF THE SYSTEM AND SHALL BE JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO THE PRIOR BONDS AND THE SERIES 2004 A NOTES ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 2004 A NOTES"). THIS NOTE IS SECURED IN PART BY A LIEN ON SURPLUS REVENUES, IF ANY, OF THE SYSTEM.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All monies received from the sale of this Note shall be applied to the payment of the costs of acquisition and construction of the Project and the costs of issuance and related costs described in the Notes 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 Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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.

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

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
has caused this Note to be signed by its Chairman and its corporate seal to be hereunto  
affixed and attested by its Secretary, and has caused this Note to be dated  
\_\_\_\_\_, 2004.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2004 B Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2004.

THE HUNTINGTON NATIONAL BANK,  
as Registrar.

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

EXHIBIT B

SCHEDULE X

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:  
  
\_\_\_\_\_

Section 3.07.      Sale of Notes. The Notes shall be sold to the Authority contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of the Supplemental Resolution; provided, that the Authority and the Issuer shall have agreed to the purchase thereof.

Section 3.08.      Security for the Notes; Lien Positions with Respect to Prior Bonds. A. The principal of and interest on the Series 2004 A Notes shall be secured by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2004 A Notes and to make all other payments provided for in the Notes Legislation, are hereby irrevocably pledged to such payments as they become due. The Series 2004 A Notes shall be on parity with respect to liens, pledge and source of and security for payment and in all respects with the Prior Bonds.

B. The principal of and interest on the Series 2004 B Notes shall be payable only from and secured by a first lien on (i) the proceeds of revenue bonds or other obligations of the Issuer to be issued subsequent to the issuance of the Series 2004 B Notes to permanently finance the costs of acquisition and construction of the Project; (ii) the proceeds of any grants (other than grants by the West Virginia Infrastructure Fund) received by the Issuer for the Project; and (iii) the Surplus Revenues, if any, of the System. The Series 2004 B Notes shall be junior and subordinate with respect to liens, pledge and source of and security for payment to the Prior Bonds and the Series 2004 A Notes.

Section 3.09.      Notes not to be Indebtedness of Issuer. The Notes shall be special obligations of the Issuer, payable as to principal and interest solely from the sources described in Section 3.08 hereof. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as pledged therefor by this Resolution.

Section 3.10.      Prohibition of Other Loans. So long as the Notes are outstanding, no bonds, notes or other evidences of indebtedness shall be issued by the Issuer without the prior written consent of the Authority in anticipation of the proceeds of revenue bonds or other obligations of the Issuer issued subsequent to the issuance of the Notes to permanently finance the costs of acquisition and construction of the Project, or proceeds of any grants for the Project; provided however, that the Issuer may issue refunding notes or bonds to pay the entire outstanding principal of, and accrued interest, if any, on the Notes in full.

Section 3.11. Refunding of Notes. In the event the proceeds of the grants for the System, proceeds of revenue bonds or other obligations of the Issuer issued subsequent to the issuance of the Series 2004 B Notes to permanently finance the costs of acquisition and construction of the Project or Surplus Revenues, if any, of the System are not sufficient or available to pay the Series 2004 B Notes in full by the maturity date of the Series 2004 B Notes, the Issuer covenants and agrees to issue and sell its refunding notes or bonds in an amount sufficient to pay the entire outstanding principal of, and accrued interest, if any, on the Series 2004 B Notes in full.

Section 3.12. Delivery of Notes. The Issuer shall execute and deliver the Notes to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Notes to the original purchasers upon receipt of the documents set forth below:

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

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

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

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

(5) The unqualified approving opinion of bond counsel on the Notes.

Section 3.13. Sale of Notes; Approval and Ratification of Execution of Loan Agreements. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved. The Notes shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements 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 Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.14. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority a schedule

for the Series 2004 B Notes, the form of which will be provided by the Authority, setting forth the actual costs of the Project and sources of funds therefor.

Section 3.15.      [Reserved].

Section 3.16.      [Reserved].

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created with respect to the Series 2004 A Notes (or continued if previously established by the Prior Resolution) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Renewal and Replacement Fund (established by the Prior Resolution); and
- (3) Series 2004 B Notes Proceeds Fund.

Section 4.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with respect to the Notes 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 1999 A Bonds Sinking Fund (established by the Prior Resolution);
- (2) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account (established by the Prior Resolution);
- (3) Series 1999 B Bonds Sinking Fund (established by the Prior Resolution);
- (4) Within the Series 1999 B Bonds Sinking Fund, the Series 1999 B Bonds Reserve Account (established by the Prior Resolution);
- (5) Series 2004 A Notes Sinking Fund;
- (6) Series 2004 A Notes Reserve Account; and
- (7) Series 2004 B Notes Sinking Fund.

Section 4.03. 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 Notes 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 manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1999 A Bonds Sinking Fund, the amount required by the Prior Resolution to pay the interest on the Series 1999 A Bonds; (ii) for deposit in the Series 1999 B Bonds Sinking Fund, the amount required by the Prior Resolution to pay the interest on the Series 1999 B Bonds; (iii) commencing 7 months prior to the first date of payment of interest on the Series 2004 A Notes for which interest has not been capitalized or as required in the Series 2004 A Notes Loan Agreement, for deposit in the Series 2004 A Notes Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2004 A Notes on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 A Notes Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date; and (iv) commencing 7 months prior to the first date of payment of interest on the Series 2004 B Notes for which interest has not been capitalized or as required in the Series 2004 B Notes Loan Agreement, for deposit in the Series 2004 B Notes Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2004 B Notes on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 B Notes Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1999 A Bonds Sinking Fund, the amount required by the Prior Resolution to pay the principal of the Series 1999 A Bonds; (ii) for deposit in the Series 1999 B Bonds Sinking Fund, the amount required by the Prior Resolution to pay the principal of the Series 1999 B Bonds; and

(iii) commencing 13 months prior to the first date of payment of principal of the Series 2004 A Notes, for deposit in the Series 2004 A Notes Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2004 A Notes on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 A Notes Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1999 A Bonds Reserve Account, the amount required by the Prior Resolution to be deposited therein; (ii) for deposit in the Series 1999 B Bonds Reserve Account, the amount required by the Prior Resolution to be deposited therein; and (iii) commencing 13 months prior to the first date of payment of principal of the Series 2004 A Notes or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2004 A Notes, for deposit in the Series 2004 A Notes Reserve Account, an amount equal to 1/60th of the Series 2004 A Notes Reserve Requirement; provided that, no further payments shall be made into the Series 2004 A Notes 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 2004 A Notes Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (as previously set forth in the Prior Resolution and not in addition thereto) to the Renewal and Replacement Fund, 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 VI hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2004 A Notes Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2004 A Notes as

the same shall become due. Monies in the Series 2004 A Notes Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2004 A Notes as the same shall come due, when other monies in the Series 2004 A Notes Sinking Fund are insufficient therefor, and for no other purpose.

Monies in the Series 2004 B Notes Sinking Fund shall be used only for the purposes of paying interest on the Series 2004 B Notes as the same shall become due.

All investment earnings on moneys in the Series 2004 A Notes Sinking Fund and the Series 2004 A Notes Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2004 A Notes, and then to the next ensuing principal payment due thereon.

All investment earnings on moneys in the Series 2004 B Notes Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full to the next ensuing interest payment due on the Series 2004 B Notes.

Any withdrawals from the Series 2004 A Notes Reserve Account which result in a reduction in the balance of the Series 2004 A Notes Reserve Account to below the Series 2004 A Notes 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.

The Issuer shall not be required to make any further payments into the Series 2004 A Notes Sinking Fund or the Series 2004 A Notes Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 A Notes issued pursuant to this Notes Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 A Notes and the Prior Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 A Notes Sinking Fund, the Series 2004 A Notes Reserve Account and the Series 2004 B Notes Sinking Fund 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 any time, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2004 A Notes Sinking Fund, the Series 2004 A Notes Reserve Account and the Series 2004 B Notes Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 6.01 hereof.

The Series 2004 A Notes Sinking Fund and the Series 2004 A Notes Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 A Notes Outstanding under the conditions and restrictions set forth herein.

The Series 2004 B Notes Sinking Fund shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2004 B Notes Outstanding under the conditions and restrictions set forth herein.

B. The monies derived from the sale of the Series 2004 B Notes shall be deposited with the Depository Bank in the Series 2004 B Notes Proceeds Fund and applied solely to the payment of the costs of the acquisition and construction of the Project and the costs of issuance of the Series 2004 B Notes and related costs, and until so expended, are hereby pledged as additional security for the Series 2004 B Notes.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2004 A Notes and the interest payments with respect to the Series 2004 B Notes 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 Notes Legislation.

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 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.

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

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 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE V

[RESERVED]

ARTICLE VI

INVESTMENT OF FUNDS

Section 6.01.      Investments. A. Any monies held as a part of the funds and accounts created by Article IV of this Notes Legislation shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Notes Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 6.01.

B. Pending application as provided in Article V above, any monies held in the Series 2004 B Notes Proceeds Fund shall be invested and reinvested by the Depository Bank at the direction of the Issuer to the fullest extent possible under applicable laws, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

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 except as otherwise provided herein with respect to the Rebate Fund. 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 2004 B Notes are Outstanding.

## ARTICLE VII

### DEFAULT AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes in this Resolution, any Supplemental Resolution, or in the Notes, as the case may be, contained, 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 Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Note 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 the Holders of the Notes including the right to require the Issuer to perform its duties under the Act and the Notes Legislation relating thereto, (iii) bring suit upon the Notes, (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 Holders of the Notes, and (v) by action or bill in equity enjoin any acts in violation of the Notes Legislation with respect to the Notes, or the rights of the Holders of the Notes; provided that, the rights of the Holders of the Notes shall be junior and subordinate to the rights of the Holders of the Prior Bonds.

No remedy by the terms of this Resolution conferred upon or reserved to the Holders of the Notes is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Holders of the Notes hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver

of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Holders of the Notes shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

## ARTICLE VIII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 8.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Notes 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 Notes. In addition to the other covenants, agreements and provisions of this Notes Legislation, the Issuer hereby covenants and agrees with the Holders of the Notes as hereinafter provided in this Article VIII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Notes Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 8.02. Notes not to be Indebtedness of the Issuer. The Notes 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 Notes Legislation. No Holder or Holders of the Notes Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Notes or the interest, if any, thereon.

Section 8.03. Series 2004 A Notes Secured by Pledge of Net Revenues; Series 2004 B Notes Secured by Pledge of Surplus Revenues. A. The payment of the debt service of the Series 2004 A Notes shall be secured by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2004 A Notes and to make the payments into all funds and accounts and all other payments provided for in the Notes 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 Notes Legislation.

B. The payment of the debt service of the Series 2004 B Notes shall be secured in part by a first lien on the Surplus Revenues, if any, of the System.

Section 8.04. Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the final order of the Public Service Commission of West Virginia entered January 27, 2004, as amended by a corrective order entered on February 6, 2004, in Case No. 03-0303-PWD-42T, and such rates are hereby adopted.

So long as the Series 2004 Notes 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 Notes Legislation and in compliance with the Loan Agreements. In the event the schedule of rates and charges initially established for the System in connection with the Series 2004 Notes shall prove to be insufficient to produce the required sums set forth in this Notes Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Notes Legislation and the Loan Agreements.

Section 8.05. Sale of the System. So long as the Prior Bonds and the Series 2004 Notes are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution and with the written consent of the Authority. Additionally, so long as the Series 2004 Notes are outstanding and except as otherwise required by law or with the written consent of 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 Bonds Outstanding, or to effectively defease this Notes Legislation in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 Notes, immediately be remitted to the Commission for deposit in the respective Series 2004 Notes Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2004 Notes. Any balance remaining after the payment of the Series 2004 Notes and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from 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 amounts required to be paid into said fund by other provisions of this Notes 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, or their duly authorized representatives, 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 8.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in Section 3.10, Section 8.06 and Section 8.07 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 2004 A Notes or the Series 2004 B Notes. All obligations issued by the Issuer after the issuance of the Series 2004 Notes 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 2004 Notes; 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 2004 Notes, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2004 Notes and the interest thereon, if any, in this Notes Legislation, or upon the System or any part thereof.

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

Section 8.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Notes pursuant to this Notes Legislation, except

under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution) and with the prior written consent of the Authority.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 A Notes and the Prior Bonds, and shall be senior in all respects with the Series 2004 B Notes.

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

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent

Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2004 Notes 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 2004 A Notes or the Series 2004 B Notes.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Notes Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Notes 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 Notes Legislation.

Section 8.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the cost of designing, acquiring, constructing and installing the Project. The Issuer shall permit the Authority, or its 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 such documents and information as it may reasonably require in connection with the design, 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, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at any

reasonable time following completion of construction of the Project and commencement of operation thereof, or if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Note or Notes issued pursuant to this Notes 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 and Authority, or any other original purchaser of the Series 2004 A Notes, and shall mail in each year to any Holder or Holders of the respective Series 2004 A Notes, 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 Notes Legislation, and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Notes, and shall submit said report to the Authority,

or any other original purchaser of the Notes. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements and this Notes 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 Series 2004 B Notes Loan Agreements 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, or its agents and representatives, to enter and inspect the Project site and 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, or its agents and representatives, with access to the System site and facilities, as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 8.09. Rates. Prior to the issuance of the Notes, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from 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 2004 A Notes and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 A Notes, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2004 A Notes Reserve Account and any reserve accounts for obligations on a parity with or junior to the Series 2004 A Notes, including the Prior Bonds, are funded at least at the requirement therefor and the Series 2004 B Notes are no longer outstanding, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2004 A Notes and all other obligations

secured by a lien on or payable from such revenues on a parity with or junior to the Series 2004 A Notes, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 8.04.

Section 8.10. 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 within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and 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 to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Section 8.11. 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 8.12. 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 8.13.      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 8.14.      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 8.15.      [Reserved].

Section 8.16.      Statutory Mortgage Lien. For the further protection of the Holders of the Notes, 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 Notes.

Section 8.17.      Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions and requirements of the Loan Agreements and the Act.

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

ARTICLE IX

DEFEASANCE

Section 10.01. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2004 Notes, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Notes Legislation, then the pledge of Net Revenues or Surplus Revenues, if any, and other monies and securities pledged under this Notes Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Amendment or Modification of Resolution. Prior to issuance of the Notes, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Notes, 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 Noteholders shall be made without the consent in writing of the Holders of the Notes then Outstanding; provided, that no change shall be made in the maturity of any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Holder thereof.

Section 10.02. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Holders of the Notes, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 10.03. 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 Notes.

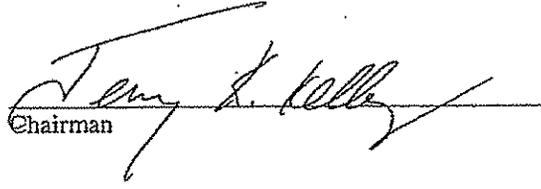
Section 10.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 10.05. Conflicting Provisions Repealed. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided however, that all provisions of the Prior Resolution shall remain in full force and effect, as applicable, until the Prior Bonds and all interest accrued thereon are paid in full.

Section 10.06. 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 and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.07.  
immediately upon adoption.

Effective Date. This Resolution shall take effect

  
Chairman

CERTIFICATION

Certified a true copy of an Resolution duly adopted by the Public Service Board of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on June 8, 2004, which Resolution has not been repealed, rescinded, modified, amended or revoked, except as set forth in the Supplemental Resolution described therein.

Dated this 18th day of June, 2004.

[SEAL]

  
Secretary

06/11/04  
847280.00003

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Waterworks System Revenue Notes, Series 2004 A  
(West Virginia Water Development Authority)

and

Waterworks System Bond Anticipation Notes, Series 2004 B  
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO THE NOTES AND THE SALE AND DELIVERY OF SUCH NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

WHEREAS, the Public Service Board (the "Governing Body") of South Putnam Public Service District (the "Issuer"), has duly and officially adopted a notes resolution, effective June 8, 2004 (the "Notes Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$450,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA

WATER DEVELOPMENT AUTHORITY), FOR THE PURPOSES OF FINANCING CERTAIN DEBT SERVICE RESERVE FUND ARREARAGES AND COSTS OF ISSUANCE OF THE NOTES; AUTHORIZING THE ISSUANCE BY THE ISSUER OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), FOR THE PURPOSES OF TEMPORARILY FINANCING A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE ISSUER AND COSTS OF ISSUANCE OF THE NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES; AND ENACTING OTHER PROVISIONS WITH RESPECT THERETO.

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

WHEREAS, the Notes Resolution provides for the issuance by the Issuer of its (i) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$450,000 (the "Series 2004 A Notes"), and (ii) Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$400,000 (the "Series 2004 B Notes and together with the Series 2004 A Notes, collectively referred to herein as the "Notes"), and has authorized the execution and delivery of a loan agreement relating to the Series 2004 A Notes and a loan agreement relating to the Series 2004 B Notes (collectively, the "Loan Agreements"), each by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Notes Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Notes should be established by a supplemental resolution pertaining to the Notes; and that other matters relating to the Notes be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

WHEREAS, the Notes are proposed to be purchased by the Authority pursuant to the respective 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 interest rates, the interest and principal payment dates and the sale prices of the Notes be fixed hereby in the manner stated herein, and that other matters relating to the Notes be herein provided for;

WHEREAS, the Notes Resolution did not establish a sinking fund for the Series 2004 B Notes and the Issuer wishes to create the Series 2004 B Notes Sinking Fund;

WHEREAS, the Notes Resolution contemplated that the proceeds of the Series 2004 A Notes would be used solely to finance arrearages in the debt service reserve funds with respect to the Prior Bonds of the Issuer;

WHEREAS, the Issuer wishes to use a portion of the proceeds of the Series 2004 A Notes to finance sinking fund arrearages with respect to the Prior Bonds of the Issuer;

WHEREAS, the Issuer wishes to approve a conformed Notes Resolution in the form attached hereto (the "Conformed Notes Resolution");

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

Section 1. Pursuant to the Notes Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued as follows:

(A) Waterworks System Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Note, numbered AR-1, in the principal amount of \$250,000. The Series 2004 A Notes shall be dated the date of delivery thereof, shall finally mature October 1,

2009, and shall bear interest at the rate of 5.00% per annum, payable semiannually on April 1 and October 1 of each year, beginning October 1, 2004. The Series 2004 A Notes shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2005, and ending October 1, 2009, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement for the Series 2004 A Notes and incorporated in and made a part of the Series 2004 A Notes. The Series 2004 A Notes shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement for the Series 2004 A Notes, as long as the Authority shall be the registered owner of the Notes.

(B) Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Note, numbered BR-1, in the principal amount of \$120,000. The Series 2004 B Notes shall be dated the date of delivery thereof, shall finally mature October 1, 2007, and shall bear interest at the rate set forth on Exhibit A attached to the Series 2004 B Notes. Interest shall be payable semiannually on April 1 and October 1 of each year, beginning October 1, 2004. The entire outstanding principal balance, together with interest accrued thereon, shall be payable on October 1, 2007. The Series 2004 B Notes shall be subject to redemption at any time with 30 days' notice, and otherwise in compliance with the Loan Agreement for the Series 2004 B Notes, as long as the Authority shall be the registered owner of the Notes.

Section 2. The Issuer hereby creates the Series 2004 B Notes Sinking Fund at the West Virginia Municipal Bond Commission.

Section 3. The Issuer hereby approves the Conformed Notes Resolution attached hereto.

Section 4. All other provisions relating to the Notes and the text of the Notes shall be in substantially the forms provided in the Conformed Notes Resolution.

Section 5. The Issuer does hereby authorize, approve and accept the Loan Agreements, 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 application to the Authority. The price of the Notes shall be 100% of par value, there being no interest accrued thereon.

Section 6. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, as Registrar (the "Registrar") for the Notes and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Notes, 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 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Notes under the Notes Resolution.

Section 8. The Issuer does hereby appoint and designate Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Notes Resolution.

Section 9. To pay the Prior Bonds arrearages, the proceeds of the Series 2004 A Notes shall be deposited as follows: \$15,000 shall be deposited into the Series 1999 A Bonds Sinking Fund; \$67,500 shall be deposited into the Series 1999 A Bonds Reserve Account; \$85,000 shall be deposited into the Series 1999 B Bonds Sinking Fund; and \$82,500 shall be deposited into the Series 1999 B Bonds Reserve Account.

Section 10. All proceeds of the Series 2004 B Notes shall be deposited in or credited to the Series 2004 B Notes Proceeds Fund at the time of closing for payment of costs of acquisition and construction of the Project, including costs of issuance of the Notes and related costs.

Section 11. 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 Notes hereby and by the Notes Resolution approved and provided for, to the end that the Notes may be delivered on or about June 18, 2004, to the Authority pursuant to the Loan Agreements.

Section 12. The payment of the Prior Bond arrearages, the acquisition and construction of the Project, and the temporary financing thereof with proceeds of the Notes 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.

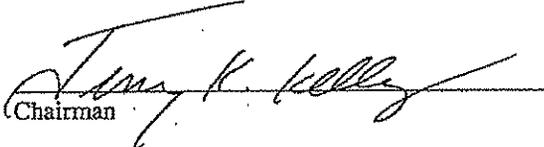
Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Notes Resolution held by the Depository Bank, in time accounts, secured by a pledge of Government Obligations,

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 time accounts until further directed by the Issuer. Monies in the Series 2004 A Notes Sinking Fund, the Series 2004 A Notes Reserve Account and the Series 2004 B Notes Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 11th day of June, 2004.

SOUTH PUTNAM PUBLIC SERVICE  
DISTRICT

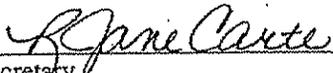
  
Chairman

CERTIFICATION

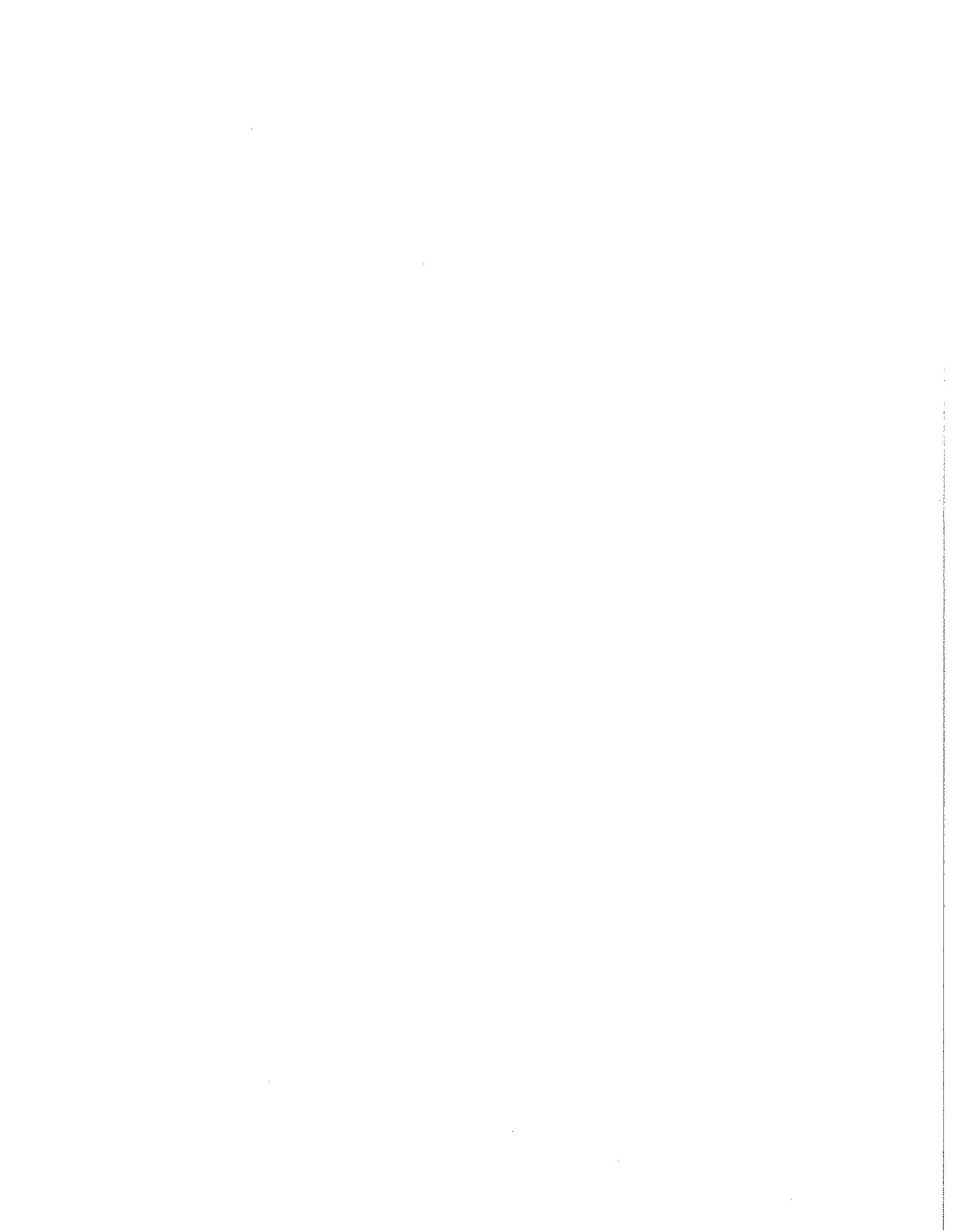
Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 11th day of June, 2004.

Dated: June 18, 2004.

[SEAL]

  
Secretary

06/10/04  
847280.00003



**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)**

**CONFORMED BOND RESOLUTION**

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
CONFORMED RESOLUTION

RESOLUTION AUTHORIZING THE PAYMENT OF THE WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. South Putnam Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Putnam County of said State, duly created pursuant to the Act by The County Commission of Putnam County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a second line from the water plant to the Jonathon Larck Lake, storage tanks, looping of distribution lines and additional security measures for the System, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The Issuer has heretofore issued its Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), dated June 18, 2004, issued in the original principal amount of \$120,000 (the "Prior Notes"), to temporarily finance certain construction costs of the Project. The Prior Notes are secured by a first lien on the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Prior Notes. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for, if any, the Prior Notes in full with proceeds of the Series 2006 A Bonds on the date of issuance thereof.

E. The estimated maximum cost of the acquisition and construction of the Project is \$8,190,000 which will be obtained from the proceeds of sale of the Series 2006 A Bonds, herein authorized.

F. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the aggregate principal amount of \$8,190,000 (the "Series 2006 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided and to pay in full the Prior Notes. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 A 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.

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

H. Upon the payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$6,440,000 (the "Series 1999 A Bonds"), (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$5,425,000 (the "Series 1999 B Bonds"), and (iii) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, and issued in the original aggregate principal amount of \$250,000 (the "Series 2004 A Notes" and, collectively with the Series 1999 A Bonds and the Series 1999 B Bonds, the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System.

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

I. It is in the best interest of the Issuer that the Series 2006 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 7, 2005, and all amendments thereto, if any (collectively, the "Letter of Conditions").

J. 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, the refunding of the Prior Notes, and the issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of the Series 2006 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2006 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2006 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2006 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Howard K. Bell, Consulting Engineers, Inc., Hurricane, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02 (F) hereof.

"Depository Bank" means Putnam County Bank, Hurricane, Putnam County, 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.

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

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

"Issuer," "Borrower" or "District" means South Putnam Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Putnam County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 7, 2005, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2006 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and 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 Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting

principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1999 A Bonds, the Series 1999 B Bonds, and the Series 2004 A Notes.

"Prior Notes" means the Issuer's Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), as described in Section 1.02D hereof.

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

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury

Investments to Chapter 12, Article 6(c) 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 Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

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

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

"Secretary" means the Secretary of the Governing Body.

"Series 2006 A Bonds" means the Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

ARTICLE II

AUTHORIZATION OF PAYMENT OF PRIOR NOTES AND  
ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment of Prior Notes and Acquisition and Construction of the Project. There is hereby authorized and ordered the payment of the outstanding interest on and principal of the Prior Notes and the acquisition and construction of the Project, at an estimated cost of \$8,190,000, 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 cost of payment of the outstanding interest on and principal of the Prior Notes is estimated to be \$120,000, which will be obtained from the proceeds of the Series 2006 A Bonds.

### 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 Series 2006 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), are hereby authorized to be issued in the aggregate principal amount of \$8,190,000, for the purpose of financing the cost of the acquisition and construction of the Project and payment of the outstanding interest on and principal of the Prior Notes.

Section 3.02. Description of Bonds. The Series 2006 A Bonds shall be issued in single form, numbered AR-I, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2006 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2006 A 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 Series 2006 A 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 Series 2006 A Bonds, and the right to principal of and stated interest on the Series 2006 A 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 Series 2006 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2006 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2006 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2006 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2006 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2006 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2006 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2006 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2006 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2006 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2006 A 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 Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2006 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2006 A 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 Series 2006 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2006 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, 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 Series 2006 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2006 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2006 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ \_\_\_\_\_

No. AR-1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the 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 Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted April 25, 2006, 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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(1) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000;

(2) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000; AND

(3) WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000.

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

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

\_\_\_\_\_  
Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
In the presence of:  
  
\_\_\_\_\_

## ARTICLE IV

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

Section 4.01.      A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions);  
and
- (3) Series 2006 A Bonds Project Construction Account.

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

- (1) Series 2006 A Bonds Reserve Account.

Section 4.02.      Bond Proceeds: Project Construction Account. The proceeds of the sale of the Series 2006 A Bonds shall be deposited upon receipt by the Issuer in the Series 2006 A Bonds Project Construction Account. The monies in the Series 2006 A Bonds 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. Monies in the Series 2006 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2006 A Bonds 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 Series 2006 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2006 A 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 2006 A Bonds 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 Series 2006 A Bonds 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 Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 A Bonds as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

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

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

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to (i) the Commission, to pay principal and interest, if any, on the Prior Bonds; and (ii) the National Finance Office, the amounts required to pay the interest on the Series 2006 A Bonds and to amortize the principal of the Series 2006 A Bonds over the life of the Bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission, the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Prior Bonds; and (ii)

beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2006 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 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 Minimum Reserve. Monies in the Series 2006 A Bonds Reserve Account shall be used solely to make up any deficiency for the monthly payments of the principal of and interest on the Series 2006 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2006 A Bonds, or for mandatory prepayment of the Series 2006 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2006 A Bond Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (as previously set forth in the Prior Resolutions) to the Renewal and Replacement Fund, the amounts required by the Prior Resolutions.

(5) 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.

Whenever the money in the Series 2006 A Bonds Reserve Account shall be sufficient to prepay the Series 2006 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2006 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 A Bonds Reserve Account. All amounts required for the Series 2006 A Bonds Reserve Account will be deposited

therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2006 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2006 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2006 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, ~~including value of accrued interest and giving effect to the amortization of~~ discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2006 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2006 A Bonds, provide evidence that there will be at least 7920 bona fide users upon the System 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 and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

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

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

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

## ARTICLE V

### GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2006 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2006 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2006 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts 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. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2006 A 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. No Parity Bonds shall be issued after issuance of the Series 2006 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

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

- (1) The Bonds Outstanding;

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

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

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 and the Holders of the Prior Bonds.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior 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 and the Prior Resolutions with respect to the Series 2006 A Bonds and Prior 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 and the Prior Resolutions.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2006 A 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 Series 2006 A Bonds.

(c) Vehicle 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 such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2006 A Bonds are outstanding, the Issuer will carry insurance and bonds

or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with 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 Series 2006 A Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2006 A Bonds at the date specified for payment thereof;

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2006 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

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

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; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2006 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2006 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2006 A 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 and Commission Order of the Public Service Commission of West Virginia, entered on January 10, 2006 and March 2, 2006, Case No. 05-0660-PWD-CN, which Final Order and Commission Order are incorporated herein by reference as a part hereof.

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

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

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

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

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

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2006 Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2006 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2006 A Bonds, the Issuer may not defease the Series 2006 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2006 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2006 A 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.

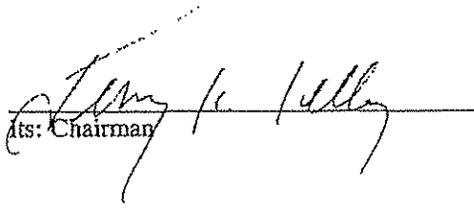
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular 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 this 25th day of April, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By:

  
Ats: Chairman

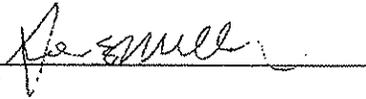
CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 25th day of April, 2006.

Dated: May 12, 2006.

[SEAL]

Secretary



4.19.06  
847280.00007

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION APPROVING THE  
CONFORMED BOND RESOLUTION; AND MAKING OTHER  
PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of South Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective April 25, 2006 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

WHEREAS, the Resolution has been revised pursuant to comments received after its adoption and the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Conformed Bond Resolution be approved and entered into by the Issuer;

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

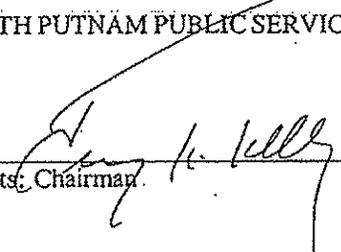
Section 1. The Issuer hereby approves the Conformed Bond Resolution  
attached hereto as Exhibit A.

Section 2. ~~This Supplemental Resolution shall be effective immediately~~  
following adoption hereof.

Adopted this 10th day of May, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

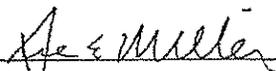
By:

  
Its Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of South Putnam Public Service District on May 10, 2006, which Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this 12th day of May, 2006.

  
Secretary

05/09/06  
847280.00007

EXHIBIT A

CONFORMED BOND RESOLUTION

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT OF THE WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. South Putnam Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Putnam County of said State, duly created pursuant to the Act by The County Commission of Putnam County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a second line from the water plant to the Jonathon Lark Lake, storage tanks, looping of distribution lines and additional security measures for the System, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The Issuer has heretofore issued its Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), dated June 18, 2004, issued in the original principal amount of \$120,000 (the "Prior Notes"), to temporarily finance certain construction costs of the Project. The Prior Notes are secured by a first lien on the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Prior Notes. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for, if any, the Prior Notes in full with proceeds of the Series 2006 A Bonds on the date of issuance thereof.

E. The estimated maximum cost of the acquisition and construction of the Project is \$8,190,000 which will be obtained from the proceeds of sale of the Series 2006 A Bonds, herein authorized.

F. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the aggregate principal amount of \$8,190,000 (the "Series 2006 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided and to pay in full the Prior Notes. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 A 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.

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

H. Upon the payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$6,440,000 (the "Series 1999 A Bonds"), (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$5,425,000 (the "Series 1999 B Bonds"), and (iii) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, and issued in the original aggregate principal amount of \$250,000 (the "Series 2004 A Notes" and, collectively with the Series 1999 A Bonds and the Series 1999 B Bonds, the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System. ~~There are no 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 the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

I. It is in the best interest of the Issuer that the Series 2006 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions.

dated June 7, 2005, and all amendments thereto, if any (collectively, the "Letter of Conditions").

J. 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, the refunding of the Prior Notes, and the issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of the Series 2006 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2006 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2006 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2006 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Howard K. Bell, Consulting Engineers, Inc., Hurricane, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02 (F) hereof.

"Depository Bank" means Putnam County Bank, Hurricane, Putnam County, 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.

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

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

"Issuer," "Borrower" or "District" means South Putnam Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Putnam County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 7, 2005, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2006 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and 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 Project and the

System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1999 A Bonds, the Series 1999 B Bonds, and the Series 2004 A Notes.

"Prior Notes" means the Issuer's Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), as described in Section 1.02D hereof.

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

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

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley

Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board, pursuant to Chapter 12, Article 6(c) 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 Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

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

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

"Secretary" means the Secretary of the Governing Body.

"Series 2006 A Bonds" means the Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

ARTICLE II

AUTHORIZATION OF PAYMENT OF PRIOR NOTES AND  
ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment of Prior Notes and Acquisition and Construction of the Project. There is hereby authorized and ordered the payment of the outstanding interest on and principal of the Prior Notes and the acquisition and construction of the Project, at an estimated cost of \$8,190,000, 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 cost of payment of the outstanding interest on and principal of the Prior Notes is estimated to be \$120,000, which will be obtained from the proceeds of the Series 2006 A Bonds.

### 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 Series 2006 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), are hereby authorized to be issued in the aggregate principal amount of \$8,190,000, for the purpose of financing the cost of the acquisition and construction of the Project and payment of the outstanding interest on and principal of the Prior Notes.

Section 3.02. Description of Bonds. The Series 2006 A Bonds 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 Series 2006 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2006 A 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 Series 2006 A 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 Series 2006 A Bonds; and the right to principal of and stated interest on the Series 2006 A 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 Series 2006 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2006 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2006 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2006 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2006 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2006 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2006 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2006 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2006 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2006 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2006 A 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 Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2006 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2006 A 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 Series 2006 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2006 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, 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 Series 2006 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2006 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2006 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ \_\_\_\_\_

No. AR-1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the 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 Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted April 25, 2006, 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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(1) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000;

(2) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000; AND

(3) WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000.

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

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

\_\_\_\_\_  
Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

(Form of Assignment)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

## ARTICLE IV

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

Section 4.01.      A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions);  
and
- (3) Series 2006 A Bonds Project Construction Account.

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

- (1) Series 2006 A Bonds Reserve Account.

Section 4.02.      Bond Proceeds: Project Construction Account. The proceeds of the sale of the Series 2006 A Bonds shall be deposited upon receipt by the Issuer in the Series 2006 A Bonds Project Construction Account. The monies in the Series 2006 A Bonds 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. Monies in the Series 2006 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2006 A Bonds 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 Series 2006 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2006 A 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 2006 A Bonds 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 Series 2006 A Bonds 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 Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 A Bonds as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

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

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

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to (i) the Commission, to pay principal and interest, if any, on the Prior Bonds; and (ii) the National Finance Office, the amounts required to pay the interest on the Series 2006 A Bonds and to amortize the principal of the Series 2006 A Bonds over the life of the Bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission, the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Prior Bonds; and (ii)

beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2006 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 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 Minimum Reserve. Monies in the Series 2006 A Bonds Reserve Accounts shall be used solely to make up any deficiency for the monthly payments of the principal of and interest on the Series 2006 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2006 A Bonds, or for mandatory prepayment of the Series 2006 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2006 A Bond Reserve Account, so long as the ~~Series 2006 A Bonds Minimum Reserve Requirement~~ is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (as previously set forth in the Prior Resolutions) to the Renewal and Replacement Fund, the amounts required by the Prior Resolutions.

(5) 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.

Whenever the money in the Series 2006 A Bonds Reserve Account shall be sufficient to prepay the Series 2006 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2006 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 A Bonds Reserve Account. All amounts

required for the Series 2006 A Bonds Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund and the Series 2006 A Bonds Reserve Account shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 Series 2006 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2006 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2006 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2006 A Bonds Reserve Accounts invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2006 A Bonds Reserve Accounts, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2006 A Bonds, provide evidence that there will be at least 7920 bona fide users upon the System 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 and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

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

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

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

## ARTICLE V

### GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2006 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2006 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2006 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts 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. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2006 A 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. In addition, 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. No Parity Bonds shall be issued after issuance of the Series 2006 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

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

- (1) The Bonds Outstanding;

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

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

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 and the Holders of the Prior Bonds.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior 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 and the Prior Resolutions with respect to the Series 2006 A Bonds and Prior 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 and the Prior Resolutions.~~

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2006 A 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 Series 2006 A Bonds.

(c) Veicular 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 such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2006 A Bonds are outstanding, the Issuer will carry insurance and bonds

or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with 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 Series 2006 A Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2006 A Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2006 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

~~(c) If a default occurs with respect to the Prior Bonds or the Prior Resolutions.~~

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; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2006 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2006 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2006 A 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 and Commission Order of the Public Service Commission of West Virginia, entered on January 10, 2006 and March 2, 2006, Case No. 05-0660-PWD-CN, which Final Order and Commission Order are incorporated herein by reference as a part hereof.

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

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

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

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

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

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2006 Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2006 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2006 A Bonds, the Issuer may not defease the Series 2006 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2006 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2006 A 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 this 25th day of April, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: \_\_\_\_\_  
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 25th day of April, 2006.

Dated: May 12, 2006:

[SEAL]

\_\_\_\_\_  
Secretary

4.19.06  
847280.00007

**PUTNAM PUBLIC SERVICE DISTRICT**  
**WATER REVENUE BONDS, SERIES 2008 A**  
**(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

**BOND RESOLUTION**

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PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,436,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), 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 AND RATIFYING LOAN AGREEMENT RELATING TO THE SERIES 2008 A 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 PUTNAM PUBLIC SERVICE DISTRICT :

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:  
A. Putnam Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Putnam County of said State.

B. The Issuer presently owns 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 improvements and extensions to the existing public waterworks system of the Issuer, including the upgrade of water mains, gate valves, fire hydrants, water meters in the Vintroux Road area of Putnam County and the construction of a new maintenance/service garage and office facility, together with all appurtenant facilities (collectively, the aforementioned acquisition and construction are referred to herein as the "Project") (the existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans, specifications and designs prepared by the Consulting Engineers, which plans, specifications and designs have heretofore been filed with the Issuer.

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

D. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment being the (i) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000 (the "Series 2006 A Bonds"); (ii) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000 (the "Series 1999 A Bonds"); (iii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000 (the "Series 1999 B Bonds"); and (iv) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000 (the "Series 2004 A Notes") (collectively, the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) a certificate of an independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) written consent of the Registered Owner of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolution.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$1,436,000 (the "Series 2008 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient

therefor; interest upon the Series 2008 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 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 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by the Supplemental Resolution of the Issuer.

H. 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 2008 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 West Virginia Infrastructure and Jobs Development Council, 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 2008 A Bonds or such final order will not be subject to appeal or rehearing.

I. 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 2008 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 Bondholders, and the covenants and agreements

herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2008 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 22C, Article 1 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 2008 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"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.

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

"Bonds" means, collectively, the Series 2008 A Bonds, the Prior Bonds, and any bonds on a parity with the Series 2008 A Bonds subsequently issued hereunder or pursuant to another resolution of the Issuer.

"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 2008 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 2008 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 Qk4, Inc., St. Albans, West Virginia, or any 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.

"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 Grant received by the Issuer for the Project.

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

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained

by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

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

"Loan Agreement" means, the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2008 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 each series of Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account for such series. 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 such series, 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 only of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2008 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2008 A Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as

working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and Renewal and Replacement Fund have been made to the last monthly payment date prior to the date of such retention.

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

"Parity Bonds" means additional Bonds which may be 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 2008 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Series 2006 A Bonds, Series 1999 A Bonds, Series 1999 B Bonds, and Series 2004 A Notes, as described in Section 1.02D hereof.

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

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"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.

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

"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 Section 5.01 hereof.

"Reserve Accounts" means collectively, the respective Reserve Accounts for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirement" means, the respective amounts required to be on deposit in the Reserve Accounts for the Series 2008 A Bonds and the Prior Bonds.

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

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

"Series 1999 A Bonds" means the Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$6,440,000.

"Series 1999 B Bonds" means the Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, issued in the original aggregate principal amount of \$5,425,000.

"Series 2004 A Notes" means the Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, issued in the original aggregate principal amount of \$250,000.

"Series 2006 A Bonds" means the Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated March 12, 2006, issued in the original aggregate principal amount of \$8,190,000.

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

obligations of the Issuer, including, without limitation, the Reserve Accounts and the Renewal and Replacement Fund.

"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 include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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 \$1,436,000, 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 2008 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, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated to be \$1,436,000 which will be obtained from proceeds of the Series 2008 A Bonds.

### ARTICLE III

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

Section 3.01.      Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds, funding reserve accounts for the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority)," in the principal amount of not more than \$1,436,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Series 2008 A Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02.      Terms of Bonds. A. The Series 2008 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 semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 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 2008 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 2008 A Bonds shall be issued in the form of a single bond, fully registered to the Authority. The Series 2008 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. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 2008 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 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 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 2008 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 2008 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 2008 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 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any Series 2008 A Bond shall be conclusive evidence that such Series 2008 A Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 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 Series 2008 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 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 2008 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 said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be 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 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 (where applicable) 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 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith 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 on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09.      Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 A Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2008 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds to the original purchasers;

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

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

(5) The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10.      Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2008 A  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$1,436,000

KNOW ALL MEN BY THESE PRESENTS: That on this \_\_\_ day of \_\_\_\_\_, 2008 PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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 FOUR HUNDRED THIRTY SIX THOUSAND DOLLARS (\$1,436,000), in annual principal payments on October 1 of each year, beginning October 1, 20\_\_ to an including \_\_\_\_\_ 1, 20\_\_, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 in each year, beginning \_\_\_\_\_ 1, 20\_\_. 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 month next preceding an interest payment date, or by 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 2008.

This Bond is issued to provide funds, along with other available monies of the Issuer (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2008, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2008 (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 (I) WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,190,000 (THE "SERIES 2006 A BONDS"); (II) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000 (THE "SERIES 1999 A BONDS"); (III) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000 (THE "SERIES 1999 B BONDS"); AND (IV) WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 2004 A NOTES") (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 moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended

proceeds of 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest 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 prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: \_\_\_\_\_, 20\_\_\_\_.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11.      Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 A 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 forms attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

## ARTICLE V

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

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

- (1) Revenue Fund (established by Prior Resolution);
- (2) Renewal and Replacement Fund (established by Prior Resolution);
- (3) Series 2008 A Bonds Construction Trust Fund; and
- (4) Rebate Fund (established by Prior Resolution).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if established by Prior Resolution) 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 1999 A Bonds Sinking Fund (established by Prior Resolution);
- (2) Series 1999 A Bonds Reserve Account (established by Prior Resolution);
- (3) Series 1999 B Bonds Sinking Fund (established by Prior Resolution);
- (4) Series 1999 B Bonds Reserve Account (established by Prior Resolution);
- (5) Series 2004 A Notes Sinking Fund (established by Prior Resolution);
- (6) Series 2004 A Notes Reserve Account (established by Prior Resolution);

(7) Series 2006 A Bonds Reserve Account (established by Prior Resolution);

(8) Series 2008 A Bonds Sinking Fund;

(9) Series 2008 A Bonds Reserve Account;

Section 5.03.      System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this 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 and priority:

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

(2) The Issuer shall next, simultaneously, each month transfer from the Revenue Fund and (i) remit to the National Finance Office, the amounts required by the Prior Resolution to pay interest on the Series 2006 A Bonds; (ii) remit to the Commission, the amounts required by Prior Resolution to pay interest on the Series 1999 A Bonds, the Series 1999 B Bonds and the Series 2004 A Notes; and (iii) commencing 7 months prior to the first date of payment of interest on the Series 2008 A Bonds for which interest has not been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2008 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2008 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, simultaneously transfer from the Revenue Fund and remit, (i) to the National Finance Office the amounts required by Prior Resolution to pay principal of the Series 2006 A Bonds; (ii) remit to the Commission the amounts required by Prior Resolution to pay principal of the Series 1999

A Bonds, the Series 1999 B bonds and the Series 2004 A Notes and (iii) commencing 13 months prior to the first date of payment of principal of the Series 2008 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2008 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 2008 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, simultaneously, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission the amounts required by Prior Resolution to be deposited in the respective Reserve Accounts for the Prior Bonds (ii) commencing 13 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, remit to the Commission for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, 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 moneys from the Renewal and Replacement Fund.

Moneys in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2008 A Bonds as the same shall become due. Moneys in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2008 A Bonds as the same shall come due, when other moneys in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2008 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 due on the Series 2008 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2008 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made as set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund or the Series 2008 A Bonds Reserve Account when the aggregate amount of funds therein is at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity date thereof.

Interest, principal or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 A Bonds and the Prior Bonds in accordance with the respective principal amounts then outstanding.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon

transfers of funds from the Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 A 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 any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2008 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.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 2008 A Bonds, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of the 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.

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2008 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01.      Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 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 2008 A Bonds for the period commencing on the date of issuance of the Series 2008 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 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2008 A Bonds Reserve Account.

C. The proceeds derived from the sale of the Series 2008 A Bonds shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to pay the Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 2008 A Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the moneys in such funds set forth herein. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Series 2008 A Bonds Construction Trust Fund shall be used solely to pay the Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2008 A Bonds.

Section 6.02. Disbursements From the Series 2008 A Bonds Construction Trust Fund. Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 2008 A Bonds which shall be made upon request of the Issuer) shall be made each month only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

- (i) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (ii) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the Project;
- (iii) That each of such costs has been otherwise properly incurred; and
- (iv) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2008 A Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2008 A Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2008 A Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

After completion of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, the Depository Bank shall transfer any moneys remaining in the Series 2008 A Bonds Construction Trust Fund to the Commission for deposit in the Series 2008 A Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 2008 A Bonds be deposited in the Series 2008 A Bonds Reserve Account, and when the Series 2008 A Bonds Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payment due on the Series 2008 A Bonds and thereafter to the next ensuing principal payment due thereon.

Pending such application, moneys in the Series 2008 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

All moneys in the Series 2008 A Bonds Construction Trust Fund shall be kept separate and apart from each other.

If applicable, the Issuer shall expend all proceeds of the Series 2008 A Bonds within 3 years of the date of issuance of the Authority's bonds, the proceeds of which were used to make the loan to 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 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2008 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the lien on 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 on the 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 and the Prior Resolutions.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained or will have obtained any and all approvals of rates and charges required by state law and has taken any and all action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. The Authority shall receive an opinion of counsel 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 on August 15, 2007, in Case No. 07-0756-PWD-CN, and such rates are hereby adopted. The rates and charges are sufficient to comply with the provisions of the Loan Agreement and the Authority shall receive a certificate of accountant of the Issuer to such effect.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in Prior Resolution. Additionally, so long as the Series 2008 A Bonds are outstanding and except as otherwise required by law or with the written consent of 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 Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof; provided that, any sale or disposition of properties of the System in excess of \$100,000 shall receive the written consent of the Authority. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2008 A Bonds Sinking Fund and, with the written permission of the Authority, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Bonds. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the 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 \$50,000, the Issuer shall, in writing, 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 derived from any such sale shall be deposited in the Revenue 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 \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body 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 shall be deposited in the Renewal and Replacement Fund. The payment of such funds into the Renewal and Replacement Fund shall not reduce the amount required to be paid in 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 \$200,000 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 2008 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 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 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein 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 2008 A Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, 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 2008 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 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 2006 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are

to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2006 A Bonds are no longer outstanding, the following parity requirement shall be met:

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent

Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2008 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 2008 A Bonds.

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

Section 7.08. Books; Records and Facilities. 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 or its 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 such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Authority or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds, requesting the same, an annual report containing the following:

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 A Bonds, and shall submit said report to the Authority or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority 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 requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2008 A Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 2008 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 2008 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 hereof.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except

upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and 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 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 acquisition or construction of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority 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, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for acquisition and construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority 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 at all times provide operation and maintenance of the System in compliance with any and all state and federal standards. The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreement.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the

System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the sewerage system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the sewerage facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the sewerage system provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15.      Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

- (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 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. In the event the Loan Agreement so require, 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 will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2008 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2008 A Bonds during the term thereof is, under the terms of the Series 2008 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in

excess of 5% of the Net Proceeds of the Series 2008 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2008 A Bonds during the term thereof is, under the terms of the Series 2008 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2008 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2008 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2008 A Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2008 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2008 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2008 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without

limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2008 A Bonds, and 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 agrees to comply with all the terms and conditions of the Loan Agreement, the Act and all applicable laws, rules and regulations issued by the Authority, 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 SBC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts: Change Orders, Public Releases. A. If not already accomplished, the Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into a contracts for the immediate undertaking of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain written approval of the Authority before expending any proceeds of the Series 2008 A Bonds held in "contingency" as set forth on the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the Rebate Fund. 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 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2008 A Bonds from gross income for federal income tax purposes.

Section 8.02.      Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2008 A Bonds which would cause the Series 2008 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to each series of the Series 2008 A Bonds) so that the interest on the Series 2008 A Bonds will be and remain excluded from gross

income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2008 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2008 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall

pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2008 A Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2008 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2008 A Bonds (as such term "gross proceeds" is defined in the Code).

## 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 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2008 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 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on either series of the Series 2008 A Bonds, it shall constitute an "Event of Default" with respect to the other series of Series 2008 A Bonds.

Section 9.02.      Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided that, all rights and remedies of the Holders of the Series 2008 A Bonds shall be on a parity with 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, 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 said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Advance Refunding of Series 2008 A Bonds. So long as the Authority shall be the registered owner of the Series 2008 A Bonds, the Issuer may advance refund the Series 2008 A Bonds during the first 15 years following the issuance thereof at a premium of 1% over the premium, if any, to be paid by the Authority by depositing sufficient funds (principal, interest and premium, if any) at the Commission to redeem the Series 2008 A Bonds on the first available call date; provided that, after the first 15 years, the Issuer may prepay the Series 2008 A Bonds at par, plus interest payable to the next available call date, at any time, all as set forth in the Loan Agreement.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2008 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2008 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 2008 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 2008 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 2008 A Bonds.

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

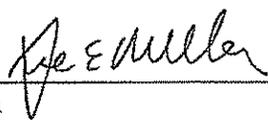
Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution 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.

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

Adopted this 24th day of January, 2008.

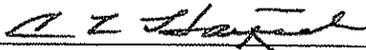
  
\_\_\_\_\_  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of PUTNAM PUBLIC SERVICE DISTRICT on the 24th day of January, 2008.

Dated: January 28, 2008.

[SEAL]

  
\_\_\_\_\_  
Secretary

01.11.08  
847280/00011

EXHIBIT A

Series 2008 A Bonds Loan Agreement included in transcript as Document 3.

PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A  
(West Virginia Water Development Authority)

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 WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2008 A BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2008 A 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 Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution on January 24, 2008 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$1,436,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 the Series 2008 A (West Virginia Water Development Authority), of the Issuer (the "Bonds" or the "Series 2008 A Bonds"), in the aggregate principal amount of not to exceed \$1,436,000, and has authorized the execution and delivery of the Loan Agreement relating to the Series 2008 A Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority")(the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 22C, Article 1 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 Series 2008 A 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 PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,436,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall

finally mature October 1, 2047, and shall bear interest at the rate of five percent (5.0 %) per annum. The principal on Series 2008 A Bonds shall be payable annually on October 1 of each year, commencing October 1, 2009, to and including October 1, 2047, and the interest on each installment shall be payable semi-annually on April 1 and October 1 in each year, beginning April 1, 2008, 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 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority, 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 2008 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 applications to the Authority. The price of the Series 2008 A Bonds shall be 100% of par value, there being no interest accrued on the Series 2008 A Bonds, provided that the proceeds of the Series 2008 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2008 A Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2008 A Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2008 A Bonds proceeds in the amount of \$120,265 shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2008 A Bonds proceeds in the amount of \$84,387 shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2008 A Bonds shall be deposited in or credited to the Series 2008 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 Series 2008 A Bonds may be delivered on or about January 28, 2008, to the Authority pursuant to the Loan Agreement.

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

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

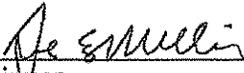
Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Series 2008 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2008 A Bonds from the treatment afforded by Section 103(a) of the 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 Series 2008 A 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.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 24th day of January, 2008.

PUTNAM PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by Putnam Public Service District on this 24th day of January, 2008.

Dated: January 28, 2008.

[SEAL]

  
Secretary

01.07.08  
847280.00011

SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2008 A  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$1,436,000

KNOW ALL MEN BY THESE PRESENTS, That on this 28th day of January, 2008, PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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 FOUR HUNDRED THIRTY SIX THOUSAND DOLLARS (\$1,436,000) in annual principal payments on October 1 of each year, beginning October 1, 2009 to and including October 1, 2047, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 in each year, beginning April 1, 2008 to and including October 1, 2047. 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 month next preceding an interest payment date, or by 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated January 28, 2008.

This Bond is issued to provide funds, along with other available monies of the Issuer (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on January 24, 2008, and a Supplemental Resolution duly adopted by the Issuer on January 24, 2008 (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 (I) WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,190,000 (THE "SERIES 2006 A BONDS"); (II) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000 (THE "SERIES 1999 A BONDS"); (III) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000 (THE "SERIES 1999 B BONDS"); AND (IV) WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 2004 A NOTES") (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 moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended

proceeds of 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest 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 prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

*[Signature]*  
Chairman

ATTEST:

*[Signature]*  
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: January 28, 2008.

THE HUNTINGTON NATIONAL BANK  
as Registrar

  
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

\$1,436,000

Putnam Public Service District (West Virginia)

40 Years; 5% Interest Rate

Closing Date: January 28, 2008

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Bond Year Total
01/28/2008					
04/01/2008			12,565.00	12,565.00	
10/01/2008			35,900.00	35,900.00	48,465.00
04/01/2009			35,900.00	35,900.00	
10/01/2009	12,586.00	5.000%	35,900.00	48,486.00	84,386.00
04/01/2010			35,585.35	35,585.35	
10/01/2010	13,215.00	5.000%	35,585.35	48,800.35	84,385.70
04/01/2011			35,254.98	35,254.98	
10/01/2011	13,876.00	5.000%	35,254.98	49,130.98	84,385.96
04/01/2012			34,908.08	34,908.08	
10/01/2012	14,570.00	5.000%	34,908.08	49,478.08	84,386.16
04/01/2013			34,543.83	34,543.83	
10/01/2013	15,298.00	5.000%	34,543.83	49,841.83	84,385.68
04/01/2014			34,161.38	34,161.38	
10/01/2014	16,063.00	5.000%	34,161.38	50,224.38	84,385.76
04/01/2015			33,759.80	33,759.80	
10/01/2015	16,866.00	5.000%	33,759.80	50,625.80	84,385.60
04/01/2016			33,338.15	33,338.15	
10/01/2016	17,710.00	5.000%	33,338.15	51,048.15	84,386.30
04/01/2017			32,895.40	32,895.40	
10/01/2017	18,595.00	5.000%	32,895.40	51,490.40	84,385.80
04/01/2018			32,430.53	32,430.53	
10/01/2018	19,525.00	5.000%	32,430.53	51,955.53	84,386.06
04/01/2019			31,942.40	31,942.40	
10/01/2019	20,501.00	5.000%	31,942.40	52,443.40	84,385.80
04/01/2020			31,429.88	31,429.88	
10/01/2020	21,526.00	5.000%	31,429.88	52,955.88	84,385.76
04/01/2021			30,891.73	30,891.73	
10/01/2021	22,603.00	5.000%	30,891.73	53,494.73	84,386.46
04/01/2022			30,326.65	30,326.65	
10/01/2022	23,733.00	5.000%	30,326.65	54,059.65	84,386.30
04/01/2023			29,733.33	29,733.33	
10/01/2023	24,919.00	5.000%	29,733.33	54,652.33	84,385.66
04/01/2024			29,110.35	29,110.35	
10/01/2024	26,165.00	5.000%	29,110.35	55,275.35	84,385.70
04/01/2025			28,456.23	28,456.23	
10/01/2025	27,474.00	5.000%	28,456.23	55,930.23	84,386.46
04/01/2026			27,769.38	27,769.38	
10/01/2026	28,847.00	5.000%	27,769.38	56,616.38	84,385.76
04/01/2027			27,048.20	27,048.20	
10/01/2027	30,290.00	5.000%	27,048.20	57,338.20	84,386.40
04/01/2028			26,290.95	26,290.95	
10/01/2028	31,804.00	5.000%	26,290.95	58,094.95	84,385.90

File: Putnam PSD Comm (1) PDA 1/28/08 11/29/2008

Ferris, Baker Watts, Incorporated  
West Virginia Public Finance (Joseph E. Nassif, Investment Banker)

\$1,436,000

Putnam Public Service District (West Virginia)

40 Years; 5% Interest Rate

Closing Date: January 28, 2008

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Bond Year Total
04/01/2029			25,495.85	25,495.85	
10/01/2029	33,394.00	5.000%	25,495.85	58,889.85	84,385.70
04/01/2030			24,661.00	24,661.00	
10/01/2030	35,064.00	5.000%	24,661.00	59,725.00	84,386.00
04/01/2031			23,784.40	23,784.40	
10/01/2031	36,817.00	5.000%	23,784.40	60,601.40	84,385.80
04/01/2032			22,863.98	22,863.98	
10/01/2032	38,658.00	5.000%	22,863.98	61,521.98	84,385.96
04/01/2033			21,897.53	21,897.53	
10/01/2033	40,591.00	5.000%	21,897.53	62,488.53	84,386.06
04/01/2034			20,882.75	20,882.75	
10/01/2034	42,621.00	5.000%	20,882.75	63,503.75	84,386.50
04/01/2035			19,817.23	19,817.23	
10/01/2035	44,752.00	5.000%	19,817.23	64,569.23	84,386.46
04/01/2036			18,698.43	18,698.43	
10/01/2036	46,989.00	5.000%	18,698.43	65,687.43	84,385.86
04/01/2037			17,523.70	17,523.70	
10/01/2037	49,339.00	5.000%	17,523.70	66,862.70	84,386.40
04/01/2038			16,290.23	16,290.23	
10/01/2038	51,806.00	5.000%	16,290.23	68,096.23	84,386.46
04/01/2039			14,995.08	14,995.08	
10/01/2039	54,396.00	5.000%	14,995.08	69,391.08	84,386.16
04/01/2040			13,635.18	13,635.18	
10/01/2040	57,116.00	5.000%	13,635.18	70,751.18	84,386.56
04/01/2041			12,207.28	12,207.28	
10/01/2041	59,972.00	5.000%	12,207.28	72,179.28	84,386.56
04/01/2042			10,707.98	10,707.98	
10/01/2042	62,970.00	5.000%	10,707.98	73,677.98	84,385.96
04/01/2043			9,133.73	9,133.73	
10/01/2043	66,119.00	5.000%	9,133.73	75,252.73	84,386.46
04/01/2044			7,480.75	7,480.75	
10/01/2044	69,425.00	5.000%	7,480.75	76,905.75	84,386.50
04/01/2045			5,745.13	5,745.13	
10/01/2045	72,896.00	5.000%	5,745.13	78,641.13	84,386.26
04/01/2046			3,922.73	3,922.73	
10/01/2046	76,541.00	5.000%	3,922.73	80,463.73	84,386.46
04/01/2047			2,009.20	2,009.20	
10/01/2047	80,568.00	5.000%	2,009.20	82,577.20	84,386.40
<b>Total</b>	<b>\$1,436,000.00</b>		<b>\$1,903,522.52</b>	<b>\$3,339,522.52</b>	

File: Putnam PSD Loans.rpt | WPA | 09-08 | 11:52:08 AM | Page 2

Ferris, Baker Watts, Incorporated  
West Virginia Public Finance (Joseph E. Nassif, Investment Banker)

\$1,436,000

Putnam Public Service District (West Virginia)

40 Years; 5% Interest Rate

Closing Date: January 28, 2008

## Debt Service Schedule

Part 3 of 3

### Yield Statistics

Bond Year Dollars	\$38,070.45
Average Life	26.511 Years
Average Coupon	5.0000006%
Net Interest Cost (NIC)	5.0000006%
True Interest Cost (TIC)	5.0005052%
Bond Yield for Arbitrage Purposes	5.0005052%
All Inclusive Cost (AIC)	5.0005052%
IRS Form 8038	
Net Interest Cost	5.0000006%
Weighted Average Maturity	26.511 Years

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**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 \_\_\_\_\_



**STEP TOE &  
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.step-toe-johnson.com

Writer's Contact Information

## CLOSING MEMORANDUM

To: Financing Team

From: John C. Stump, Esquire

Date: December 4, 2009

Re: **Putnam Public Service District Filter D Project  
107 South Poplar Fork Road, Scott Depot, WV 25560  
Water Revenue Bonds, Series 2009 A (West Virginia DWTRF  
Program); and Water Revenue Bonds, Series 2009 B (West Virginia  
DWTRF Program/ARRA)**

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1. **DISBURSEMENTS TO PUTNAM PUBLIC SERVICE DISTRICT**

A. Payor: West Virginia Bureau for Public Health  
Source: Series 2009 A Bonds Proceeds  
Amount: \$31,258  
Form: Wire Transfer  
Payee: Putnam Public Service District  
ABA #: 051502858  
Account #: 1516009  
Bank: Putnam County Bank, 2761 Main Street, Hurricane, WV  
Contact: Rhonda Cunningham (304) 562-9931  
Account: Series 2009 Bonds Construction Trust Fund

847280.00016

5193523

**33**

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

**PRECLOSING ATTENDANCE LIST**

Date 12/3/09 Time 1:00 LGA Putnam PSD PSD Program DWTRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Carol A. Cummings	WDA	304-558-3612	304-558-0299	cummings@wvda.org
Ryan White	Jackson Kelly	304 340-1285	304 340-1072	srwhite@jacksonkelly.com
John Stump	Staples + Johnson PLLC	304.353.8196	304.353.8181	john.stump@staplesjohnson.com

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

Name Michael McMath, Gen. Mgr. Telephone 304.757.6551 E-Mail mif@rcnulty@putnampsd.com  
 Address P.O. Box 147, Scott Depot, West Virginia 25560

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

**SWEEP RESOLUTION**

**Putnam Public Service District**

**Filter D Project**

**WHEREAS**, Putnam Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

**WHEREAS**, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

**WHEREAS**, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

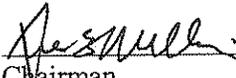
**WHEREAS**, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

**WHEREAS**, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

**NOW THEREFORE BE IT RESOLVED AS FOLLOWS:**

- 1) Beginning January 1, 2010, the monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) The Chairman, Secretary and Treasurer are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 19th day of November, 2009.

  
Chairman



## American Recovery and Reinvestment Act of 2009 (ARRA)

### Project Certification

**Program:** West Virginia Drinking Water Treatment Revolving Fund (DWTRF)

**Project:** Putnam PSD, Putnam County

**Description:** The project will replace an obsolete water filter, replace filter media in another filter, and add manual over-ride capabilities on pneumatic valves resulting in a 50% increase in water capacity ensuring reliable drinking water for Putnam County residents.

#### Total Project Cost

\$727,000

#### ARRA Assistance Provided

\$100,000

I hereby certify that the above project has received the full review and vetting required by federal law and that the investment of federal and state funds in this infrastructure project is an appropriate use of taxpayer dollars.

This certification will be posted on the Governor's website and linked to the federal ARRA website [www.recovery.gov](http://www.recovery.gov).

Patsy A. Hardy, Cabinet Secretary, FACHE, MSN, MBA

Date

WEST VIRGINIA  
Department of

**Health &  
Human  
Resources**

**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 16th day of April 2009

**GENERAL ORDER NO. 182.09**

Public Service Commission intended procedures concerning water and sewer projects that are funded with federal stimulus funds.

**COMMISSION ORDER**

Earlier this year, Congress enacted and the President signed the *American Recovery and Reinvestment Act of 2009*. Under this legislation, the State of West Virginia is to receive certain stimulus funds, a portion of which will be dedicated to the construction of water and sewer infrastructure. The Public Service Commission ("Commission") has received information from various funding agencies. The State Bureau for Public Health through its drinking water treatment revolving fund will have approximately \$19.5 million for water projects. In addition, the State Department of Environmental Protection through the clean water state revolving fund will have approximately \$61 million for sewer projects. Both of these state agencies have indicated that they intend to have the projects bid by August 2009 and contracts awarded by October 2009. In addition, certain other stimulus funds for water and sewer projects will be administered by the U.S. Department of Agriculture, Rural Utilities Service.

Although the Commission is not a funding source for the stimulus funds, it will nonetheless be called upon to process utility applications for certificates of public convenience and necessity ("certificates") to authorize the construction of stimulus-funded water and sewer projects. Given the aggressive schedule planned by the funding agencies, and the requirement in the federal law that water and sewer projects be "shovel ready," meaning under construction within a quick time line, the Commission intends to expedite these applications to the greatest extent possible consistent with existing State Law.

As a preliminary observation, the Commission would stress that applications must be complete and the statutory thirty-day notice to the public must be given at the outset of the application. Failure to file complete applications or failure to provide timely public notice will lead to delays in processing projects and jeopardize the ability to receive federal stimulus funds. The Commission anticipates that it will receive (i) new applications for water and sewer projects using federal stimulus funds, (ii) amendments to pending applications

containing some measure of federal stimulus funds, and (iii) petitions to reopen certificates already issued seeking to amend funding by including federal stimulus funds. The Commission issues this General Order to inform the public, regulated utilities, attorneys who practice before the Commission, funding agencies, and the staff of the Commission of its intended procedures and processes.

With respect to new stimulus project applications, the Commission intends that applicants and Staff observe the following procedures. At the outset, the Commission again stresses that it is essential that a utility project sponsor file a complete application and provide timely public notice of its application.

1. Staff assigned to the case should immediately review the filing to determine if it is complete. The Initial Joint Staff Memorandum should be filed within ten days.<sup>1</sup>
2. If the filing is complete and does not require an increase in rates for the project, Staff should file its Final Joint Staff Memorandum in thirty-five days which allows for the protest period assuming the applicant has timely published notice.
3. If the filing is complete and includes a proposed increase in rates for the project, Staff may deem it necessary to file a data request for items needed to complete the review and make a final Staff recommendation. This data request should be filed within ten days. The applicant should expedite its response to Staff's requests and Staff should file its Final Joint Staff Memorandum within forty-five to sixty days.
4. If the filing is not complete, irrespective of whether or not the application seeks an increase in rates, Staff should file a data request, if necessary, for the items needed to complete the review and make a final Staff recommendation. This data request should be filed within ten days. The applicant should expedite its responses to Staff's requests and Staff should file its Final Joint Staff Memorandum within forty-five to sixty days.
5. If rates are required for the project and a rate change has not been included with the application:
  - A. For municipalities, the processing time is out of the Commission's ability to control. Staff needs to determine where the municipality is in the ordinance process and what else is needed to process the case. This should all be part of the Initial Joint Staff Memorandum to let the Commission know if the case can be processed or needs dismissed. (Certificates and rate ordinances need to be coordinated for a municipal appeal.) Data requests should still be filed within the ten-day period.

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<sup>1</sup> Days in this Order are calendar days. Filings due on weekends or holidays are due the next working day.

- B. Public service districts ("districts") that need rates for the project can follow steps 1 and 3 or 4 above.
- C. Districts that require rates outside of the project and are in default on bonds cannot move forward. Staff must address this in its initial memorandum.

5. For newly-filed water or sewer applications for certificates of convenience and necessity where the funding is described at the time of the filing as Stimulus Funding the Commission shall designate the filings as "SCN." The Commission, its Staff and Administrative Law Judges, will process those designated filings as expeditiously as possible.

The stimulus funds may be used to replace existing funding for projects that are ready to proceed, allowing the State of West Virginia to fund more projects than planned and provide an enhanced investment in water and sewer infrastructure to unserved and under-served areas of the State. To expedite the processing of projects that have already received a certificate and are eligible to receive stimulus funds, the Commission plans the following process and procedures:

6. In instances where municipalities or municipal water or sewer boards ("municipal utilities") have already been granted certificates, and in the event the municipality is awarded a stimulus assistance funding package to replace either existing grant or loan funding from another source, the municipal utility shall only be required to file with the Commission a letter from the funding agency that describes the change in the project funding. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action by the Commission.

7. Similarly, for districts that are awarded a stimulus assistance funding package equivalent to the existing grant money from another source, that has no impact on rates, the district shall only be required to file with the Commission a letter from the funding agency that describes the change in the project funding. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action by the Commission.

8. In the event that a district is awarded a stimulus assistance funding package and the benefit to the customers of such improved financing is lower project costs, the district will only be required to file a petition to reopen the original formal case granting the certificate in order that the Commission may review the rates established for the project.

The Commission will provide for such petitions to reopen to be handled in an expedited manner. To that end, the district will be required to file with its petition to reopen a letter from the funding agency that describes the change in project funding, specifically setting forth the newly-committed funding and an accompanying calculation by the district

of the impact to its rates together with supporting documentation. Upon the filing of this information, Staff will perform a review of the revised project funding and rate calculations and file a final recommendation with the Commission stating its recommended rates as soon as possible, but no later than ten days after receipt of the petition. The Commission will issue an order as soon thereafter as possible.

9. For districts that are awarded a stimulus assistance funding package to supplement funding to deal with a cost overrun in whole or part, that has no impact on rates, the district may utilize the enhanced funding to first fund any project alternatives that were reviewed as either deducts or adducts that were approved as a part of the original certificate, contingent upon funding, in order that all portions of the project can be constructed. In this event, the district shall be required to file with the Commission a letter from the funding agency that describes both the change in the project funding and also notes the deducts or adducts that will be funded for construction. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action on its part.

The issuance of these guidelines should expedite these projects and the continuing effort to provide quality water and sewer service throughout the State of West Virginia. The Commission understands that there will be instances and situations where events will disrupt these intended procedures; however, the Commission expects all parties to use their best efforts to process these cases in a timely manner. Finally, given the aggressive time frame contemplated by the funding agencies and the intent to have bids out by August 2009, project applications should be filed no later than June 1, 2009, to avoid jeopardizing the timely consideration of those applications.

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission give public notice of this order in a manner deemed most efficient and appropriate.

A. B. W. C. R. S. R. S. R. S.

  
Sandra Staudre  
Executive Secretary

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