PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

Closing Date: June 27, 2013

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PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
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Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

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PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE 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 $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE); OF NOT MORE THAN $6,930,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE); OF NOT MORE THAN $564,800 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE); OF NOT MORE THAN $1,241,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE); AND OF NOT MORE THAN $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 F (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 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. 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 sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, betterments, improvements and extensions to such existing sewerage facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be constructed and designed certain additions, betterments, improvements and extensions to the existing sewerage facilities of the Issuer, consisting of sewer system improvement project in four locations within its service territory and add approximately 496 new customers in currently unserved areas including the Route 33 Sewer Extension, the Rocky Step Road and Kilgore Road Sewer Extension, the Marina Park Sewer Replacement and the Route 60 Sewer Extension (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, betterments, improvements or extensions thereto, are herein called the "System." 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 intends to permanently finance the Costs of the Project through the issuance of its (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), in the aggregate principal amount of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), in the aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (iii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), in the aggregate principal amount of $564,800 (the "Series 2013 D Bonds"); (iv) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), in the aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds"); and (v) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), in the aggregate principal amount of $1,500,000 (the "Series 2013 F Bonds"), (collectively, the "Series 2013 Bonds"), to finance a portion the cost of such acquisition and construction in the manner herein provided, and pay the costs of issuances thereof. 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 2013 Bonds; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and 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; 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.

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

F. There are Outstanding obligations of the Issuer which will rank on a parity with the Series 2013 Bonds as to liens, pledge and source of and security for payment, being the Issuer's:

(1) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds");

(2) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds");

(3) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds");

(4) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds");

(5) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds");

(6) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds");

(7) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds");

(8) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds");

(9) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds");

(10) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds");

(11) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds");

(12) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and

(13) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as 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 Prior 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.

Prior to the issuance of the Series 2013 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 2013 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.

G. It is in the best interest of the Issuer that the Series 2013 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated September 23, 2010, and all amendments thereto, if any (collectively, the "Letter of Conditions").

H. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2013 Bonds, or will have so complied prior to issuance of the Series 2013 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 2013 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 2013 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 2013 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 E. L. Robinson Engineering Co., Cross Lanes, 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 1.02D 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 "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

"Issuer," "Borrower" or "District" means 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 September 23, 2010, and all amendments thereto.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2013 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 1975 Bonds, Series 1979 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, Series 2008 B Bonds, Series 2009 A Bonds, Series 2009 B Bonds and Series 2009 C Bonds.

"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 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 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.

"RUS Bonds" means the (i) Series 1975 Bonds, (ii) Series 1979 Bonds, (iii) Series 1995 Bonds, (iv) Series 2002 A Bonds, (v) Series 2006 A Bonds, (vi) Series 2006 B Bonds, and (vii) Series 2009 A Bonds.

"Secretary" means the Secretary of the Governing Body.

"Series 1975 Bonds" means the Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000.

"Series 1979 Bonds" means the Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000.

"Series 1995 Bonds" means the Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000.

"Series 2002 A Bonds" means the Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000.

"Series 2002 B Bonds" means the Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000.

"Series 2006 A Bonds" means the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000.

"Series 2006 B Bonds" means the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000.

"Series 2007 A Bonds" means the Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000.

"Series 2008 A Bonds" means the Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000.

"Series 2008 B Bonds" means the Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000.

"Series 2009 A Bonds" means the Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000.

"Series 2009 B Bonds" means the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000.

"Series 2009 C Bonds" means the Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500.

"Series 2013 Bonds" means, collectively, the Series 2013 B Bonds, Series 2013 C Bonds, Series 2013 D Bonds, Series 2013 E Bonds and Series 2013 F Bonds.

"Series 2013 B Bonds" means the Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2013 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 2013 B Bonds in the then current or any succeeding year.

"Series 2013 C Bonds" means the Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

"Series 2013 D Bonds" means the Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

"Series 2013 E Bonds" means the Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

"Series 2013 F Bonds" means the Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment 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 $16,635,800, 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 estimated Cost of the Project is $16,635,800 of which $6,000,000 will be obtained from the proceeds of the sale of the Series 2013 B Bonds; $6,930,000 will be obtained from the proceeds of the sale of the Series 2013 C Bonds; $564,800 will be obtained from the proceeds of the sale of the Series 2013 D Bonds; $1,241,000 will be obtained from the proceeds of the sale of the Series 2013 E Bonds herein authorized; $1,500,000 will be obtained from the proceeds of the sale of the Series 2013 F Bonds herein authorized; and $400,000 will be obtained from the proceeds of an U.S. Army Corp of Engineers Grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. A. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 B Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amount of $6,000,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

B. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 C Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amount of $6,930,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

C. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 D Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amount of $564,800, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

D. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 E Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amount of $1,241,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

E. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 F Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amount of $1,500,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. A. The Series 2013 B Bonds shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 B Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.5% per annum, and shall be sold for the par value thereof. 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 $23,820, 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 the Series 2013 B Bonds.

The Series 2013 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the form of Series 2013 B Bonds hereinafter set forth.

B. The Series 2013 C Bonds shall be issued in single form, numbered CR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 C Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.5% per annum, and shall be sold

for the par value thereof. 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 $27,513, 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 the Series 2013 C Bonds.

The Series 2013 C 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 form of Series 2013 C Bonds hereinafter set forth.

C. The Series 2013 D Bonds shall be issued in single form, numbered DR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 D Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.5% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,243, 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 the Series 2013 D Bonds.

The Series 2013 D 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 form of Series 2013 D Bonds hereinafter set forth.

D. The Series 2013 E Bonds shall be issued in single form, numbered ER-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 E Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.375% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $4,840, 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 the Series 2013 E Bonds.

The Series 2013 E 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 form of Series 2013 E Bonds hereinafter set forth.

E. The Series 2013 F Bonds shall be issued in single form, numbered FR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 F Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.375% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $5,850, 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 the Series 2013 F Bonds.

The Series 2013 F 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 form of Series 2013 F Bonds hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2013 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 2013 Bonds, and the right to principal of and stated interest on the Series 2013 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 2013 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 2013 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 2013 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2013 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 2013 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2013 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 2013 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2013 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 2013 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 2013 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 2013 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 2013 Bonds shall cease to be such officer of the Issuer before the Series 2013 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 2013 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 2013 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 2013 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2013 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 2013 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 2013 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 2013 Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2013 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:

[Remainder of Page Intentionally Blank]

(FORM OF BOND)

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,000,000

No. BR-1 Date: _____

FOR VALUE RECEIVED, 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 SIX MILLION DOLLARS ($6,000,000), plus interest on the unpaid principal balance at the rate Of 3.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing _____, 20___ and continuing on the _____ day of each month to and including _____, 20___ (the first 24 months after the date hereof); and thereafter monthly installments of $23,820, covering principal and interest, beginning _____ _____, 20___, except that the final installment shall be paid on _____, 20___ (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $654,800 (THE "SERIES 2013 D BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

_____

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

_____

(FORM OF BOND)

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,930,000

No. CR-1 Date: _____

FOR VALUE RECEIVED, 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 SIX MILLION NINE HUNDRED THIRTY THOUSAND DOLLARS ($6,930,000), plus interest on the unpaid principal balance at the rate of 3.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing _____, 20___ and continuing on the _____ day of each month to and including _____, 20___ (the first 24 months after the date hereof); and thereafter monthly installments of $27,513, covering principal and interest, beginning _____, 20___, except that the final installment shall be paid on _____, 20___ (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $564,800 (THE "SERIES 2013 D BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

_____

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

_____

(FORM OF BOND)

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 D
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$564,800

No. DR-1 Date: _____

FOR VALUE RECEIVED, 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 FIVE HUNDRED SIXTY FOUR THOUSAND EIGHT HUNDRED DOLLARS ($564,800), plus interest on the unpaid principal balance at the rate of 3.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing _____, 20___ and continuing on the _____ day of each month to and including _____, 20___ (the first 24 months after the date hereof); and thereafter monthly installments of $2,243, covering principal and interest, beginning _____, 20___, except that the final installment shall be paid on _____, 20___ (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

_____

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

_____

(FORM OF BOND)

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 E
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,241,000

No. ER-1 Date: _____

FOR VALUE RECEIVED, 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 ONE MILLION TWO HUNDRED FORTY ONE THOUSAND DOLLARS ($1,241,000), plus interest on the unpaid principal balance at the rate of 3.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing _____, 20___ and continuing on the _____ day of each month to and including _____, 20___ (the first 24 months after the date hereof); and thereafter monthly installments of $4,840, covering principal and interest, beginning _____, 20___, except that the final installment shall be paid on _____, 20___ (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $564,800 (THE "SERIES 2013 D BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____
Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

_____
Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

_____

(FORM OF BOND)

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 F
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,500,000

No. FR-1 Date: _____

FOR VALUE RECEIVED, 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 ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000), plus interest on the unpaid principal balance at the rate of 3.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing _____, 20___ and continuing on the _____ day of each month to and including _____, 20___ (the first 24 months after the date hereof); and thereafter monthly installments of $5,850, covering principal and interest, beginning _____, 20___, except that the final installment shall be paid on _____, 20___ (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $564,800 (THE "SERIES 2013 D BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____
Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

_____
Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

_____

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 (or continued if established by Prior Resolutions) with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

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

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

(3) Series 1975 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(4) Series 1979 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(5) Series 1995 Bonds Reserve Account (established by the Prior Resolutions and continued hereby); and

(6) Series 2013 Bonds Project Construction Account.

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

(1) Series 2002 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(2) Series 2002 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(3) Series 2002 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(4) Series 2006 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(5) Series 2006 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(7) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(8) Series 2008 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby)

(9) Series 2008 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(10) Series 2008 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(11) Series 2008 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(12) Series 2009 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(13) Series 2009 C Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(14) Series 2009 C Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(15) Series 2013 B Bonds Reserve Account;

(16) Series 2013 C Bonds Reserve Account;

(17) Series 2013 D Bonds Reserve Account;

(18) Series 2013 E Bonds Reserve Account; and

(19) Series 2013 F Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2013 Bonds shall be deposited upon receipt by the Issuer in the Series 2013 Bonds Project Construction Account. The monies in the Series 2013 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 2013 Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2013 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 2013 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 2013 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 Series 2013 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 2013 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 2013 Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 B Bonds Reserve Account, Series 2013 C Bonds Reserve Account, Series 2013 D Bonds Reserve Account, Series 2013 E Bonds Reserve Account, and Series 2013 F Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2013 B Bonds, Series 2013 C Bonds, Series 2013 D Bonds, Series 2013 E Bonds, and Series 2013 F Bonds, respectively, remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2013 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, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amounts required by the Prior Resolutions to pay the interest on the RUS Bonds; (ii) to the Commission the amounts required by Prior Resolutions to pay interest on the Series 2002 B Bonds, Series 2007 A Bonds and Series 2008 A Bonds; (iii) to

the National Finance Office the amount required to pay interest on the Series 2013 B Bonds; (iv) to the National Finance Office the amount required to pay interest on the Series 2013 C Bonds; (v) to the National Finance Office the amount required to pay interest on the Series 2013 D Bonds; (vi) to the National Finance Office the amount required to pay interest on the Series 2013 E Bonds; and (vii) to the National Finance Office the amount required to pay interest on the Series 2013 F Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, on or before the due date thereof, remit: (i) to the National Finance Office the amounts required by the Prior Resolutions to pay the principal of the RUS Bonds; (ii) to the Commission the amounts required by Prior Resolutions to pay the principal of the Series 2002 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, Series 2008 B Bonds and Series 2009 C Bonds; (iii) to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 B Bonds, the amount required to amortize the principal of the Series 2013 B Bonds over the life of the bond issue; (iv) to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 C Bonds, the amount required to amortize the principal of the Series 2013 C Bonds over the life of the bond issue; (v) to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 D Bonds, the amount required to amortize the principal of the Series 2013 D Bonds over the life of the bond issue; (vi) to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 E Bonds, the amount required to amortize the principal of the Series 2013 E Bonds over the life of the bond issue; and (vii) to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 F Bonds, the amount required to amortize the principal of the Series 2013 F Bonds over the life of the bond issue.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously: (i) remit to the Depository Bank the amounts required by Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 1975 Bonds, Series 1979 Bonds, and Series 1995 Bonds; (ii) remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, Series 2008 B Bonds, Series 2009 A Bonds and Series 2009 C Bonds; (iii) 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 in the Series 2013 B Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 B Bonds Reserve Account equals the Series 2013 B Bonds

Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 B Bonds Reserve Requirement; (iv) 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 in the Series 2013 C Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 C Bonds Reserve Account equals the Series 2013 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2013 C Bonds Reserve Requirement; (v) 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 in the Series 2013 D Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 D Bonds Reserve Account equals the Series 2013 D Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 D Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2013 D Bonds Reserve Requirement; (vi) 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 in the Series 2013 E Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 E Bonds Reserve Account equals the Series 2013 E Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 E Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2013 E Bonds Reserve Requirement; and (vii) 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 in the Series 2013 F Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 F Bonds Reserve Account equals the Series 2013 F Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 F Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on

deposit therein, an amount equal to the Series 2013 F Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank. 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 account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Whenever the money in the Series 2013 B Bonds Reserve Account shall be sufficient to prepay the Series 2013 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2013 C Bonds Reserve Account shall be sufficient to prepay the Series 2013 C Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 C Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2013 D Bonds Reserve Account shall be sufficient to prepay the Series 2013 D Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 D Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2013 E Bonds Reserve Account shall be sufficient to prepay the Series 2013 E Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 E Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2013 F Bonds Reserve Account shall be sufficient to prepay the Series 2013 F Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 F 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 2013 B Bonds Reserve Account. All amounts required for the Series 2013 B 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 Commission is hereby designated as the Fiscal Agent for the administration of the Series 2013 C Bonds Reserve Account. All amounts required for the Series 2013 C 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 Commission is hereby designated as the Fiscal Agent for the administration of the Series 2013 D Bonds Reserve Account. All amounts required for the Series 2013 D 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 Commission is hereby designated as the Fiscal Agent for the administration of the Series 2013 E Bonds Reserve Account. All amounts required for the Series 2013 E 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 Commission is hereby designated as the Fiscal Agent for the administration of the Series 2013 F Bonds Reserve Account. All amounts required for the Series 2013 F 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 2013 Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2013 B 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 2013 B Bonds and the interest thereon.

The Series 2013 C 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 2013 C Bonds and the interest thereon.

The Series 2013 D 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 2013 D Bonds and the interest thereon.

The Series 2013 E 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 2013 E Bonds and the interest thereon.

The Series 2013 F 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 2013 F 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 2013 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 2013 B Bonds Reserve Account, Series 2013 C Bonds Reserve Account, Series 2013 D Bonds Reserve Account, Series 2013 E Bonds Reserve Account and Series 2013 F 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 2013 B Bonds Reserve Account, Series 2013 C Bonds Reserve Account, Series 2013 D Bonds Reserve Account, Series 2013 E Bonds Reserve Account and Series 2013 F 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 2013 Bonds, provide evidence that there will be 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. A. So long as the Series 2013 B Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 B Bonds Reserve Account, a sum sufficient to prepay the entire principal of the Series 2013 B Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2013 B Bonds.

B. So long as the Series 2013 C Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 C Bonds Reserve Account, a sum sufficient to prepay the entire principal of the Series 2013 C 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 2013 C Bonds.

C. So long as the Series 2013 D Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 D Bonds Reserve Account, a sum sufficient to prepay the entire principal of the Series 2013 D 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 2013 D Bonds.

D. So long as the Series 2013 E Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 E Bonds Reserve Account, a sum sufficient to prepay the entire principal of the Series 2013 E 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 2013 E Bonds.

E. So long as the Series 2013 F Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 F Bonds Reserve Account, a sum sufficient to prepay the entire principal of the Series 2013 F 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 2013 F 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 2013 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 2013 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 2013 Bonds unless the provisions contained in the Prior Resolutions respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2013 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 2013 Bonds or the RUS Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2013 Bonds and the RUS Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2013 Bonds and the RUS Bonds are no longer Outstanding, the following parity requirement shall be met:

So long as the Series 2002 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, Series 2008 B Bonds, Series 2009 B Bonds or Series 2009 C Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2013 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2013 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 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 2013 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 2013 Bonds.

(c) VEHICULAR PUBLIC LIABILITY INSURANCE, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to

protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF THE DISTRICT ELIGIBLE THEREFOR AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) FLOOD INSURANCE to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) FIDELITY BONDS will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in 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 2013 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 2013 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 2013 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 2013 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 2013 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 2013 Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2013 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 2013 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 Recommended Decision entered on January 10, 2013 which became Final Order of the Public Service Commission of West Virginia on January 30, 2013 in Case No. 12-1209-PSD-CN, and 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 2013 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 2013 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 2013 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2013 Bonds, the Issuer may not defease the Series 2013 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 and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2013 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 2013 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) or the Prior Resolutions.

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.

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

Adopted this 25th day of June, 2013.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PUTNAM PUBLIC SERVICE DISTRICT on the 25th day of June, 2013.

Dated: June 27, 2013.

[SEAL]

Secretary

847280.00019

sewer

564,800

United States Department of Agriculture
Rural Development
West Virginia State Office

March 30, 2011

Mr. Joe Miller, Chairman
Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Miller:

This letter, with Attachment No. 1 amends the letter of conditions dated September 23, 2010 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of $12,930,000, a subsequent RD loan in the amount of $564,800, and other funding in the amount of $2,400,000, for a total project cost of $15,894,800. The other funding is planned in the form of a $400,000 grant from the U.S. Army Corps of Engineers and a $2,000,000 contribution from the Putnam County Commission's Tax Increment Financing funds.

Subject to the requirements noted herein, all of the conditions of the September 23, 2010 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The

1550 Earl Core Road • Suite101 • Morgantown, WV 26505
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • 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).

remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.25% interest rate and monthly amortization factor of 0.00443 which provides for a monthly payment of $2,503 on the subsequent loan. The monthly payment for the initial $12,930,000 loan is $55,212 and the monthly payment for the subsequent $564,800 loan is $2,503, for a total loan of $13,494,800 and a total monthly payment of $57,715.

2. The bond for the $564,800 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the $12,930,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a $13,494,800 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   Form 1940-1 – "Request for Obligation of Funds"
   RUS Bulletin 1780-27 – "Loan Resolution"
   Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the PSD still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

BOBBY LEWIS
State Director

Enclosures

cc: Page 3

cc: Tracey Rowan, Area Director
Cross Lanes, WV

Ralph Bassett, Jr.
Attorney at Law
Certified Public Accountant
1156 South Main Street
Milton, WV 25541

John Stump, Attorney at Law
Steptoe and Johnson
P.O. Box 1588
Charleston, WV 25326-1588

Brian Morton, P.E.
E.L. Robinson Engineering
5088 Washington Street, East
Charleston, WV 25313

Robert R. Rodecker, Attorney at Law
P.O. Box 3713
Charleston, WV 25337

Sewer

1,241,000

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

April 4, 2012

Mr. Joe Miller, Chairman
Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

RE: Amendment No. 2 to
Letter of Conditions

Dear Mr. Miller:

This letter, with Attachment No. 1 amends the letter of conditions dated September 23, 2010 and Amendment No. 1 dated March 30, 2011, and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loans will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of $12,930,000, a subsequent RD loan in the amount of $564,800, a second subsequent RD loan in the amount of $1,241,000, and other funding in the amount of $2,400,000, for a total project cost of $17,135,800. The other funding is planned in the form of a $400,000 grant from the U.S. Army Corps of Engineers and a $2,000,000 contribution from the Putnam County Commission's Tax Increment Financing funds.

Subject to the requirements noted herein, all of the conditions of the September 23, 2010 letter of conditions and March 30, 2011 Amendment No. 1 remain in effect and must be satisfied prior to loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

1550 Earl Core Road • Suite101 • Morgantown, WV 26505
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4838
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).

The conditions referred to above are as follows:

1. Loan Repayment – The $1,241,000 subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 3.375% interest rate and monthly amortization factor of 0.00390 which provides for a monthly payment of $4,840 on this second subsequent loan. The monthly payment for the initial $12,930,000 loan is $55,212 and the monthly payment for the subsequent $564,800 loan is $2,503. Therefore, the total loan is $14,735,800 with a total monthly payment of $62,555.

2. The bond for the $1,241,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the second subsequent loan bond to be described in the same loan resolution as the $12,930,000 initial loan and the $564,800 subsequent loan, and for all other information and items of the loan resolution and bond transcript to reflect a $14,735,800 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   Form 1940-1 – "Request for Obligation of Funds"
   RUS Bulletin 1780-27 – "Loan Resolution"
   Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the PSD still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

BOBBY LEWIS
State Director

Enclosures

cc: Page 3

cc: Tracey Rowan, Area Director
Cross Lanes, WV

Ralph Bassett, Jr.
Attorney at Law
Certified Public Accountant
1156 South Main Street
Milton, WV 25541

John Stump, Attorney at Law
Steptoe and Johnson
P.O. Box 1588
Charleston, WV 25326-1588

Brian Morton, P.E.
E.L. Robinson Engineering
5088 Washington Street, East
Charleston, WV 25313

Robert R. Rodecker, Attorney at Law
P.O. Box 3713
Charleston, WV 25337

Attachment No. 1 to Letter of Conditions
For: Putnam PSD Sanitary Sewer Expansion
Date:

Project Construction Budget

PROJECT COST	TIF FUNDS	USARMY CORP	RUS LOAN	SUB LOAN	SUB LOAN #2	TOTAL
CONSTRUCTION	$2,000,000		$7,350,040	$520,520	$1,151,000	$11,021,560
CONST. CONTINGENCY			$934,960			$934,960
LAND & RIGHTS			$150,000			$150,000
LEGAL FEES			$50,000			$50,000
BOND COUNSEL			$56,000			$56,000
ACCOUNTING			$10,000			$10,000
ENGINEERING FEES		$350,000	$988,324			$1,338,324
Basic - $ $810,000						
Insp. - $ $455,000						
Special - $ $73,324						
INTEREST			$953,970	$44,280	$90,000	$1,088,250
TECHNICAL SERVICES						
PERMIT FEES			$80,000			$80,000
EQUIPMENT			$20,000			$20,000
ADMINISTRATION		$50,000				$50,000
BAN PAYOFF			$2,000,000			$2,000,000
PROJECT CONTG.			$336,706			$336,706
TOTAL	$2,000,000	$ 400,000	$12,930,000	$564,800	$1,241,000	$17,135,800

Putnam PSD - Sanitary Sewer Expansion
CASH FLOW ANALYSIS

OPERATING INCOME		
Metered Sales	$ 6,448,053	
Forfeited Discounts/Penalties	$ 105,792	
Other Sewer Revenues	$ 9,070	
Annual Tap Fees	$ 11,200	
Reconnect Fees	$ 2,250	
Miscellaneous	$ 14,575	
Contract Earned Income - Jobbing	$ 10,879	
Restricted Maintenance	$ 3,670	
Project Reimbursement	$ 8,747	
TOTAL OPERATING INCOME	$ 6,614,236	
NON OPERATING INCOME		
Interest income	$ 14,571	
TOTAL NON OPERATING INCOME	$ 14,571	
TOTAL INCOME	$ 6,628,807	
EXPENSES		
O & M	$ 3,273,009	
Taxes	$ 91,987	
TOTAL EXPENSES	$ 3,364,996	
INCOME AVAILABLE FOR D/S (A)	**$ 3,263,811**	
DEBT SERVICE		
Existing Bond P&I	$ 1,953,123	
Proposed Bond P & I	$ 662,544	
Subsequent Bond P & I	$ 30,036	
Subsequent Bond P & I No. 2	$ 61,356	(new loan payment)
TOTAL DEBT SERVICE (B)	**$ 2,707,059**	
DEBT SERVICE RESERVE		
Existing Debt Service Reserve	$ 156,706	
Debt Service Reserve	$ 75,394	
Depreciation Reserve (2.5% metered sales)	$ 161,201	
Annual Capitol Outlay	$ 163,000	(Reduced by $67,000)
TOTAL RESERVE	**$ 556,301**	
SURPLUS (DEFICIT)	**$ 451**	
DEBT COVERAGE (A/B)	**120.57%**	

1,500,000

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

June 15, 2012

Mr. Joe Miller, Chairman
Putnam Public Service District
P.O. Box 147
Scott Depot, West Virginia 25560

RE: Amendment No. 3 to
Letter of Conditions
2009 Sewer Extension

Dear Mr. Miller:

This letter, with Attachment 1 amends the letter of conditions dated September 23, 2010, Amendment No. 1 dated March 30, 2011, and Amendment No. 2 dated April 9, 2012, and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loans will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RD initial loan in the amount of $12,930,000, a subsequent loan for $564,800, a second subsequent loan for $1,241,000, and this third subsequent loan for $1,500,000. Other project funds include a $400,000 grant for the US Army Corp of Engineers and a $2,000,000 contribution from the Putnam County Commission from Tax Increment Financing funds for a total project cost of $18,635,800.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The attachment listed below is attached to the copies as noted:

Attachment No. 1 – Project Construction Budget

75 High Street, Federal Building, Suite 320, Morgantown, WV 26505-7500
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: http://www.rurdev.usda.gov

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).

The conditions referred to are as follows:

1. Loan Repayment – The $1,500,000 subsequent loan will be scheduled for repayment of a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use of 3.375% interest rate and a monthly amortization factor of 0.00390 which provides for a monthly payment of $5,850 on this subsequent loan. The monthly payment for the initial $12,930,000 is $55,212. The monthly payment for the subsequent $564,800 is $2,503. The monthly payment for the subsequent $1,241,000 is $4,840. Therefore, the total loan is $16,235,800 with a total monthly payment of $68,405.00

2. The bond for the $1,500,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for this third subsequent loan bond to be described in the same loan resolution as the $12,930,000 initial loan, the $584,800 subsequent loan, and the $1,241,000 subsequent loan, and for all other information and items of the loan resolution and bond transcript to reflect a $16,235,800 total issue consisting of four or more bonds. A copy of this letter should be provided to your bond counsel immediately.

3. Public Service Commission Approvals – You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the Letter of Conditions.

4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

   RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
   Form RD 1942-46, "Letter of Intent to Meet Conditions"
   Form 1940-1 – "Request for Obligation of Funds"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the PSD still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

BOBBY LEWIS
State Director

Enclosures

cc: Area Director
Cross Lanes, West Virginia

Brian Morton, P.E.
E.L. Robinson Engineering
5088 Washington Street, West
Charleston, West Virginia 25313

Ralph Bassett, Jr., Esquire
Attorney at Law
Certified Public Accountant
1156 South Main Street
Milton, West Virginia

Robert R. Rodecker
Attorney at Law
P.O. Box 3713
Charleston, West Virginia 25337

John Stump, Esquire
Steptoe & Johnson
P.O. Box 1588
Charleston, West Virginia 25326-1588

Attachment No. 1 to Letter of Conditions
For: Putnam PSD Sanitary Sewer Expansion
Date:

Project Construction Budget

PROJECT COST	TIF FUNDS	USARMY CORP	RUS LOAN	SUB LOAN	SUB LOAN #2	SUB LOAN #3	TOTAL
CONSTRUCTION	$2,000,000		$7,450,454	$520,520	$1,151,000	**$1,186,211**	$12,308,185
CONST. CONTINGENCY			$884,957				$884,957
LAND & RIGHTS			$150,000			**$212,539**	$362,539
LEGAL FEES			$50,000				$50,000
BOND COUNSEL			$56,000				$56,000
ACCOUNTING			$10,000				$10,000
ENGINEERING FEES		$350,000	$989,325				$1,339,325
Basic - $ $810,000							
Insp. - $ $455,000							
Special - $ $74,325							
INTEREST			$953,970	$44,280	$90,000	**$101,250**	$1,189,500
TECHNICAL SERVICES							
PERMIT FEES			$80,000				$80,000
EQUIPMENT			$20,000				$20,000
ADMINISTRATION		$50,000					$50,000
BAN PAYOFF			$2,000,000				$2,000,000
PROJECT CONTG.			$285,294				$285,294
TOTAL	$2,000,000	$ 400,000	$12,930,000	$564,800	$1,241,000	**$1,500,000**	$18,635,800

Putnam PSD - Sanitary Sewer Expansion
CASH FLOW ANALYSIS

OPERATING INCOME		
Metered Sales	$ 6,448,053	
Forfeited Discounts/Penalties	$ 105,792	
Other Sewer Revenues	$ 9,070	
Annual Tap Fees	$ 11,200	
Reconnect Fees	$ 2,250	
Miscellaneous	$ 14,575	
Contract Earned Income - Jobbing	$ 10,879	
Restricted Maintenance	$ 3,670	
Project Reimbursement	$ 8,747	
TOTAL OPERATING INCOME	$ 6,614,236	
NON OPERATING INCOME		
Interest income	$ 14,571	
TOTAL NON OPERATING INCOME	$ 14,571	
TOTAL INCOME	$ 6,628,807	
EXPENSES		
O & M	$ 3,273,009	
Taxes	$ 91,987	
TOTAL EXPENSES	$ 3,364,996	
INCOME AVAILABLE FOR D/S (A)	**$ 3,263,811**	
DEBT SERVICE		
Existing Bond P&I	$ 1,953,123	
Proposed Bond P & I	$ 662,544	
Subsequent Bond P & I	$ 30,036	
Subsequent Bond P & I No. 2	$ 61,356	
Subsequent Bond P & I No. 3	**$ 70,200**	**(new loan payment)**
TOTAL DEBT SERVICE (B)	**$ 2,777,259**	
DEBT SERVICE RESERVE		
Existing Debt Service Reserve	$ 156,706	
Debt Service Reserve	$ 75,394	
Depreciation Reserve (2.5% metered sales)	$ 161,201	
Annual Capitol Outlay	**$ 88,000**	**(Reduced by $75000)**
TOTAL RESERVE	**$ 481,301**	
SURPLUS (DEFICIT)	**$ 5,251**	
DEBT COVERAGE (A/B)	**117.52%**	

sewer 6,000,000
6,930,000
12,930,000

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

September 23, 2010

Mr. Joe Miller, Chairman
Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

Dear Mr. Miller:

This letter, with Attachments 1 through 8 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RD loan in the amount of $12,930,000 and other funding in the amount of $2,400,000, for a total project cost of $15,330,000. The other funding is planned in the form of a $400,000 grant from the U.S. Army Corps of Engineers and a $2,000,000 contribution from the Putnam County Commission from Tax Increment Financing funds.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

a. RUS Instruction 1780
b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 – Project Construction Budget (All Copies)
Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
Attachment No. 3 – RUS Supplemental General Conditions (Engineer Copy)
Attachment No. 4 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
Attachment No. 5 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
Attachment No. 6 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
Attachment No. 7 – Sample Credit Agreement (Applicant Copy)
Attachment No. 8 – "Labor Standards Provisions" (Engineer Copy)
Attachment No. 9 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RD project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.

2. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.0% interest rate and a monthly amortization factor of .00427, which provides for a monthly payment of $55,212.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as a part of this financing, you move any

existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods or time.

3. Security – The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RD as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.

4. Users – This conditional commitment is based upon you providing evidence that you will have at least 9,798 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing sewer system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids. The 448 proposed new users on the system will be required by statute (mandatory hook-up provision) to connect to and utilize the system. The PSD must provide a written certification that it will enforce the state statute.

5. Bond Counsel Services – The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

6. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. 500, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2008 Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RD.

7. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.

8. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

    a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

    b. Prior to loan closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

    The Accountant's Agreement should be submitted to RD for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RD concurrence is obtained.

    RUS regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the PSD. "Government Auditing Standards" (Revised July 2007), which may be accessed at www.gao.gov/govaud/ybk01.htm, and RUS Bulletins 1780-30 and 1780-31, which may be accessed at our agency website listed above, outline audit requirements.

    You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

9. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

    a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

    b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands.

Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

10. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

-West Virginia Department of Highways
-Railroads
-State Department of Health
-Department of Environmental Protection
-Corps of Engineers
-Public Land Corporation

11. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:

    a. A Certificate of Convenience and Necessity.

    b. Approval of user charges that are acceptable to you and USDA-Rural Development.

    c. Approval of financing for the project's proposed financing arrangements.

    The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

12. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

    a. General Liability Insurance – This should include vehicular coverage.

    b. Workers' Compensation – In accordance with appropriate State laws.

    c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to $500,000, or the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

    The minimum coverage acceptable to RD once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

   i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
   ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

13. Environmental Requirements –

a. Mitigation – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those action(s) are required for successful completion of the project and must be adhered to during project design and construction.

b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

14. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

15. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

    Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

    Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

    The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

    Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

    RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Contract Documents, Final Plans and Specifications – RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (August 2009 Version)," contains a complete listing of the required contract documents and must be used by your engineer in the preparation of the contract documents.

    a. The contract documents should consist of the following (The EJCDC documents are issued under copyright and cannot be provided by RD):

        (1) RUS Bulletin 1780-26, "Advertisement for Bids."

        (2) RUS Bulletin 1780-26, "Instruction for Bidders"

        (3) RUS Bulletin 1780-26, "Bid Form"

        (4) EJCDC Document No. C-430 (07), "Bid Bond"

        (5) EJCDC Document No. C-510 (07), "Notice of Award"

        (6) EJCDC Document No. C-520 (07), "Suggested Form of Agreement between Owner and Contractor for Construction Contract (Stipulated Price)"

        (7) EJCDC Document No. C-550 (07), "Notice to Proceed"

        (8) EJCDC Document No. C-610 (07), "Construction Performance Bond"

        (9) EJCDC Document No. C-615 (07), "Construction Payment Bond."

        (10) EJCDC Document No. 620 (07), "Application for Payment."

        (11) EJCDC Document No. 625 (07), "Certification of Substantial Completion."

        (12) EJCDC Document No. C-700 (07), "Standard General Conditions of the Construction Contract."

        (13) RUS Bulletin 1780-26, Exhibit H, "Supplementary Conditions."

        (14) EJCDC Document No. C-941 (07), "Change Order."

        (15) "RUS -WV Supplemental General Conditions (2006 Version)."

(16) "Labor Standards Provisions" – Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 8). Additional copies must be reproduced by the engineer.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance – Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the PSD and its engineer. EJCDC Document C-700, "Standard General Conditions of the Construction Contract" and Exhibit H to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation – In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RD for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

17. Interim Financing – Interim financing will be used for the RD loan if it is available at reasonable rates and terms. You must provide RD with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RD review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 7).

18. Disbursement of Funds – The RD funds will be advanced as they are needed in the amount(s) necessary to cover the RD proportionate share of any disbursements required of your PSD, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

The PSD will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RD.

19. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

20. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

    Form RD 1940-1 – "Request for Obligation of Funds"
    RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
    Form RD 400-1 – "Equal Opportunity Agreement"
    Form RD 400-4 – "Assurance Agreement"
    Form AD 1047 – "Certification Regarding Debarment – Primary"
    Form AD 1049 – "Certification Regarding Drug-Free Workplace"
    Form RD 1910-11 – "Applicant Certification, Federal Collection Policies"
    RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
    Standard Form LLL – "Disclosure of Lobbying Activities" (If Applicable)
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

23. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.

24. Upon receipt of the loan docket, which contains all the items required above, RD may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RD with (a) a bid tabulation, (b)

recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RD project funds will be considered to be RD loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

BOBBY LEWIS
State Director

Enclosures

cc: Page 13

cc: Stephen Wetherbee, Area Director
ATTN: Tracey Rowan, Area Specialist
Cross Lanes, WV

Ralph Bassett, Jr., Esquire
Certified Public Accountant
1156 South Milton Street
Milton, WV 25541

John Stump, Esquire
Steptoe and Johnson
P.O. Box 1588
Charleston, WV 25326-1588

Brian Morton, P.E.
E.L. Robinson Engineering
5088 Washington Street, West
Charleston, WV 25313

Robert R. Rodecker, Esquire
P.O. Box 3713
Charleston, WV 25337

United States Department of Agriculture
Rural Development
West Virginia State Office

March 30, 2011

Mr. Joe Miller, Chairman
Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Miller:

This letter, with Attachment No. 1 amends the letter of conditions dated September 23, 2010 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of $12,930,000, a subsequent RD loan in the amount of $564,800, and other funding in the amount of $2,400,000, for a total project cost of $15,894,800. The other funding is planned in the form of a $400,000 grant from the U.S. Army Corps of Engineers and a $2,000,000 contribution from the Putnam County Commission's Tax Increment Financing funds.

Subject to the requirements noted herein, all of the conditions of the September 23, 2010 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The

1550 Earl Core Road • Suite101 • Morgantown, WV 26505
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remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.25% interest rate and monthly amortization factor of 0.00443 which provides for a monthly payment of $2,503 on the subsequent loan. The monthly payment for the initial $12,930,000 loan is $55,212 and the monthly payment for the subsequent $564,800 loan is $2,503, for a total loan of $13,494,800 and a total monthly payment of $57,715.

2. The bond for the $564,800 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the $12,930,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a $13,494,800 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   Form 1940-1 – "Request for Obligation of Funds"
   RUS Bulletin 1780-27 – "Loan Resolution"
   Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the PSD still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

BOBBY LEWIS
State Director

Enclosures

cc: Page 3

cc: Tracey Rowan, Area Director
Cross Lanes, WV

Ralph Bassett, Jr.
Attorney at Law
Certified Public Accountant
1156 South Main Street
Milton, WV 25541

John Stump, Attorney at Law
Steptoe and Johnson
P.O. Box 1588
Charleston, WV 25326-1588

Brian Morton, P.E.
E.L. Robinson Engineering
5088 Washington Street, East
Charleston, WV 25313

Robert R. Rodecker, Attorney at Law
P.O. Box 3713
Charleston, WV 25337

Attachment No. 1 to Letter of Conditions
For: Putnam PSD Sanitary Sewer Expansion
Date:

Project Construction Budget

PROJECT COST	TIF FUNDS	USARMY CORP	RUS LOAN	SUB LOAN	TOTAL
CONSTRUCTION	$2,000,000		$7,350,040	$520,520	$9,870,560
CONST. CONTINGENCY			$934,960		$934,960
LAND & RIGHTS			$150,000		$150,000
LEGAL FEES			$15,000		$15,000
BOND COUNSEL			$56,000		$56,000
ACCOUNTING			$10,000		$10,000
ENGINEERING FEES		$350,000	$1,053,735		$1,403,735
Basic - $ $846,440					
Insp. - $ $455,000					
Special - $ $102,295					
INTEREST			$953,970	$44,280	$998,250
TECHNICAL SERVICES					
PERMIT FEES			$80,000		$80,000
ARCHEOLOGICAL SURVEY			$40,000		$40,000
ADMINISTRATION		$50,000			$50,000
BAN PAYOFF			$2,000,000		$2,000,000
PROJECT CONTG.			$286,295		$286,295
TOTAL	$2,000,000	$ 400,000	$12,930,000	$564,800	$15,894,800

Putnam PSD - Sanitary Sewer Expansion
CASH FLOW ANALYSIS

OPERATING INCOME	
Metered Sales	$ 6,448,053
Forfeited Discounts/Penalties	$ 105,792
Other Sewer Revenues	$ 9,070
Annual Tap Fees	$ 11,200
Reconnect Fees	$ 2,250
Miscellaneous	$ 14,575
Contract Earned Income - Jobbing	$ 10,879
Restricted Maintenance	$ 3,670
Project Reimbursement	$ 8,747
TOTAL OPERATING INCOME	$ 6,614,236
NON OPERATING INCOME	
Interest income	$ 14,571
TOTAL NON OPERATING INCOME	$ 14,571
TOTAL INCOME	$ 6,628,807
EXPENSES	
O & M	$ 3,273,009
Taxes	$ 91,987
TOTAL EXPENSES	$ 3,364,996
INCOME AVAILABLE FOR D/S (A)	**$ 3,263,811**
DEBT SERVICE	
Existing Bond P&I	$ 1,953,123
Proposed Bond P & I	$ 662,544
Subsequent Bond P & I	$ 30,036
TOTAL DEBT SERVICE (B)	**$ 2,645,703**
DEBT SERVICE RESERVE	
Existing Debt Service Reserve	$ 156,706
Debt Service Reserve	$ 69,258
Depreciation Reserve (2.5% metered sales)	$ 161,201
Annual Capitol Outlay	$ 230,000
TOTAL RESERVE	**$ 617,165**
SURPLUS (DEFICIT)	**$ 943**
DEBT COVERAGE (A/B)	**123.36%**

United States Department of Agriculture
Rural Development
West Virginia State Office

Mr. Joe Miller, Chairman
Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

RE: Amendment No. 2 to
Letter of Conditions

Dear Mr. Miller:

This letter, with Attachment No. 1 amends the letter of conditions dated September 23, 2010 and Amendment No. 1 dated March 30, 2011, and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loans will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of $12,930,000, a subsequent RD loan in the amount of $564,800, a second subsequent RD loan in the amount of $1,241,000, and other funding in the amount of $2,400,000, for a total project cost of $17,135,800. The other funding is planned in the form of a $400,000 grant from the U.S. Army Corps of Engineers and a $2,000,000 contribution from the Putnam County Commission's Tax Increment Financing funds.

Subject to the requirements noted herein, all of the conditions of the September 23, 2010 letter of conditions and March 30, 2011 Amendment No. 1 remain in effect and must be satisfied prior to loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

1550 Earl Core Road • Suite101 • Morgantown, WV 26505
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The conditions referred to above are as follows:

1. Loan Repayment – The $1,241,000 subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 3.75% interest rate and monthly amortization factor of 0.00412 which provides for a monthly payment of $5,113 on this second subsequent loan. The monthly payment for the initial $12,930,000 loan is $55,212 and the monthly payment for the subsequent $564,800 loan is $2,503. Therefore, the total loan is $14,735,800 with a total monthly payment of $62,828.

Revised to 3.375

2. The bond for the $1,241,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the second subsequent loan bond to be described in the same loan resolution as the $12,930,000 initial loan and the $564,800 subsequent loan, and for all other information and items of the loan resolution and bond transcript to reflect a $14,735,800 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   Form 1940-1 – "Request for Obligation of Funds"
   RUS Bulletin 1780-27 – "Loan Resolution"
   Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the PSD still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

BOBBY LEWIS
State Director

Enclosures

cc: Page 3

cc: Tracey Rowan, Area Director
Cross Lanes, WV

Ralph Bassett, Jr.
Attorney at Law
Certified Public Accountant
1156 South Main Street
Milton, WV 25541

John Stump, Attorney at Law
Steptoe and Johnson
P.O. Box 1588
Charleston, WV 25326-1588

Brian Morton, P.E.
E.L. Robinson Engineering
5088 Washington Street, East
Charleston, WV 25313

Robert R. Rodecker, Attorney at Law
P.O. Box 3713
Charleston, WV 25337

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
1/30/2013

Entered: January 10, 2013

CASE NO. 12-1209-PSD-CN

PUTNAM PUBLIC SERVICE DISTRICT,
a public utility, Scott Depot, Putnam County.
Application for a certificate of convenience and necessity for the construction, operation and maintenance of sewer system improvements, for approval of increased sewer rates and charges, and for approval of financing related thereto.

RECOMMENDED DECISION

This Order approves the certificate of convenience and necessity; approves the financing related thereto; and approves a rate increase to support project costs and financing.

PROCEDURE

On August 27, 2012, Putnam Public Service District (District) filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of sewer system improvements; for approval of increased sewer rates and charges; and for approval of financing related thereto. The District proposed to construct a sewer system improvement project in four (4) locations within its service territory and add approximately 496 new customers in currently unserved areas. The four (4) locations include the Route 33 Sewer Extension; the Rocky Step Road and Kilgore Road Sewer Extension; the Marina Park Sewer Replacement; and the Route 60 Sewer Extension. The total estimated cost of the project is $16,635,800.00, which is to be funded through Rural Utilities Service loans totaling $16,235,800.00 and a U.S. Army Corps of Engineers grant of $400,000.00. The District was previously granted approval to accept the $400,000.00 in grant funds in Case No. 09-1979-PSD-PC. The District proposed a project-related increase in its sewer rates and charges of 17.92%, with such increased rates and charges to go into effect upon substantial completion of the project or upon commencement of debt service, whichever occurs first.

By Commission Order dated August 27, 2012, the District was required to publish a copy of the Notice of Filing once in a qualified newspaper, as provided in W. Va. Code §59-3-1, *et seq.*, published and of general circulation in Putnam County, making due return to the Commission of proper certification of publication within thirty (30) days from the date of publication. Also,

within thirty (30) days of the date of said Order, the District was to have completed the mailing of separate notices to each of its customers and made due return to the Commission of an affidavit as proper certification that the notice was provided.

Between September 14, 2012, and October 15, 2012, protests, including the two petitions to intervene referenced infra, representing 14 households, were filed. The District presently serves approximately 9,800 sewer customers and 9,375 water customers.

On September 20, 2012, the District filed the affidavit of publication from The Putnam Standard which indicated that the Notice of Filing had been published on September 4, 2012.

Also on September 20, 2012, the District filed an affidavit which reflected that the notice of the rate increase had been given to the District's sewer customers by including a copy of the Notice of Filing with the District's billing for sewer service with the cycle beginning September 10, 2012, and ending September 26, 2012.

On September 21, 2012, Ralph and Nancy Erb and Anna Andrews filed petitions to intervene.

On September 27, 2012, a comment of protest was filed online.

On October 1, 2012, Staff Attorney Ronald E. Robertson, Jr., filed the Initial Joint Staff Memorandum to which was attached the September 20, 2012 Utilities and Engineering Divisions Initial Memorandum prepared by Sandy Mitchell, Utilities Analyst, Utilities Division, and Jonathan Fowler, P.E., Engineer, Engineering Division. Staff reported on the project and additional information which Staff needed to complete its review.

By Commission Order dated October 9, 2012, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before March 25, 2013.

On October 10, 2012, the District filed revised Statements C and G to its Rule 42 Exhibit.

On November 28, 2012, Staff Attorney Robertson filed the Final Joint Staff Memorandum to which was attached the November 20, 2012 Engineering Division and Utilities Division Final Recommendation. Staff reported that the proposed project will provide sewer service to approximately 496 new customers in Putnam County who do not presently have public sewer service and who rely upon private on-site systems including failing septic systems and privately-maintained home aeration units. Many of the on-site treatment systems do not operate properly and cause discharge of untreated or partially-treated sewage which contaminates area streams and waters. The Putnam County Health Department has indicated that this sewage discharge constitutes an ongoing and serious public health threat that should be corrected. Based upon Engineering Staff's field inspection and observations and discussions with State environmental officials and the District's engineer, Engineering Staff opined that the existing sewer facilities which serve the project area are inadequate, do not provide proper treatment and pose an ongoing health risk to the area's inhabitants. Engineering Staff

supported the need for the project and expressed belief that the project will benefit the community and the general public by removing health hazards. The project will also serve to protect the environment and area waterways and will enhance the potential for development.

The proposed project will also provide for the replacement of a badly deteriorated system of sewer lines which serve the Marina Park area of Scott Depot. This part of the sewer system has been experiencing maintenance issues for many years.

The estimated cost of the project is $16,635,800, and is to be funded by a combination of RUS loans which total $16,235,800 and a grant from the Corps of Engineers in the amount of $400,000, which was previously approved in Case No. 09-1979-PSD-PC.

The proposed project includes the installation of approximately 23 miles of various sizes and classes of new sanitary sewer lines, force mains and appurtenances. Six (6) new lift stations, modifications to two (2) existing lift stations and five (5) small grinder pumping stations are also part of the proposed project.

The estimated project cost of $16,635,800, includes a construction cost of $13,193,142 with a construction contingency of $884,957. The total cost of engineering design for the project is $810,000, or approximately 6.1% of the construction cost. Staff opined that the engineering fees were acceptable.

There are approximately fifty-three (53) new customers per mile, which Staff opined was acceptable. Staff thought that the project cost of $33,540 per new customer was high. However, in consideration of the need for public sewers in the area, Engineering Staff opined that the project was necessary and of appropriate scope and design. Staff's review of the plans and other technical documents provided by the District revealed no apparent conflicts with the Commission's Sewer Rules. The West Virginia Bureau for Public Health has issued a Permit to Construct - Number 18,969 dated February 8, 2012, for the project. Engineering Staff also opined that the $205,291 proposed increase in O&M costs due to the project is reasonable and accurately represents the cost of operating and maintaining the proposed extensions and improvements.

Most major permits and approvals necessary for the construction of the project have been secured by the District. Engineering Staff recommended that the certificate of convenience and necessity be issued by the Commission, contingent upon the District's receipt of all necessary federal, state and local permits and approvals for the proposed construction.

Financial Staff reported that the District's proposed rate increase would increase revenues by 17.92%, or approximately $1,030,000, annually. The total estimated cost of the project is $16,635,800 and is to be financed through a $400,000 grant from the U.S. Army Corps of Engineers which was previously approved by the Commission in Case No. 09-1979-PSD-PC and four (4) loans from RUS which totaled $16,235,800. The four (4) loans have the following terms: (1) $12,930,000 at an interest rate of 4.00% for 40 years; (2) $564,800 at an interest rate of

4.25% for 40 years; (3) $1,241,000 at an interest rate of 3.375% for 40 years; and (4) $1,500,000 at an interest rate of 3.375% for 40 years.

The average monthly bill for a residential customer would increase by 17.53% under the District's proposed rates. The average monthly bills for commercial, industrial and public authority customers would increase by 18.75% under the District's proposed rates. The average monthly bill for "other" customers would increase by 20.59% under the District's proposed rates. The District's proposed rates would provide $555,507 in total surplus including the renewal and replacement reserve and 129.08% debt coverage after completion of the project.

The Staff-recommended rates result in a 13.00% increase in rates to support the project and provide the District with a surplus of $212,020 and debt coverage of 116.14%. Under the Staff-recommended rates, the average monthly bill for customers using 3,830 gallons will increase by $4.94, or by 13.01%; the average monthly bill for commercial customers using 15,630 gallons will increase by $20.17, or by 13.02%; the average monthly bill for industrial customers using 293,940 gallons will increase by $379.18, or by 13.02%; the average monthly bill for public authority customers using 84,730 gallons will increase by $11.03, or by 13.02%; and the average monthly bill for flat rate customers using 3,000 gallons will increase by $3.86, or by 12.98%.

Staff decreased the District's leak adjustment rate to $3.43 per M gallons.

Staff recommended, *inter alia*, the following:

(1) The District should be granted a certificate of convenience and necessity to construct improvements to its wastewater collection system, as more fully defined in the engineering plans and contract documents on file; and

(2) The District should be granted authorization to accept and utilize the proceeds from $16,235,800 in loans from the USDA-RUS under the terms and conditions described herein and to utilize a $400,000 grant from the U.S. Army Corps of Engineers under the terms and conditions previously approved by the Commission.

DISCUSSION

The instant project is proposed to bring sewer service to several un-served areas in Putnam County and to replace old and deteriorated sewers in another area. Existing sewer facilities in the project area are inadequate, provide improper treatment and pose an ongoing health risk to the area's inhabitants. It is reasonable to conclude that the public convenience and necessity require the issuance of a certificate of convenience and necessity to remedy these problems.

FINDINGS OF FACT

1. On August 27, 2012, Putnam Public Service District (District) filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of

improvements to its sewer system in Putnam County, including extending service to approximately 496 new users; for approval of increased sewer rates and charges; and for approval of financing related thereto. The total estimated cost of the project is $16,635,800.00, to be funded through a U.S. Army Corps of Engineers grant of $400,000 and four (4) Rural Utilities Service loans totaling $16,235,800. The District proposed a 17.92% increase in its current sewer rates and charges, to be placed into effect upon completion of the proposed project. (See, filing dated August 27, 2012; Final Joint Staff Memorandum with attachment filed November 28, 2012).

2. The District submitted the Affidavit of Publication reflecting that the Notice of Filing had been published on September 4, 2012, in The Putnam Standard, a qualified newspaper, published and of general circulation in Putnam County (See, filing dated September 20, 2012).

3. The separate mailing requirement to the District's non-resale customers was completed with the District's September 2012 billings. The District has no resale customers. (See, filings dated August 27, 2012 and September 20, 2012).

4. As of the date of this Order, fourteen households have filed protests including two (2) petitions to intervene, although five of the protests were untimely, having been filed outside of the thirty-day protest period. The District serves approximately 9,800 sewer customers. (See, filings dated September 14, 19, 21, 27, 28, 2012 and October 1, 3, 10 and 15, 2012; Staff report filed November 28, 2012).

5. The project will provide sewer service to 496 new sewer customers who currently do not have to public sewer service and who rely upon private on-site systems, many of which contaminate area streams and waters. The proposed project will also replace a badly deteriorated system of sewer lines in an area of the system which has been experiencing maintenance issues for many years. (See, Staff report filed November 28, 2012).

6. Commission Staff recommended, *inter alia*, pursuant to West Virginia Code §24-2-11, approval of the District's application for a certificate of convenience and necessity to construct improvements to its wastewater collection system in Putnam County, including several sewer line extensions to provide sewer service to approximately 496 new users, for approval of increased sewer rates and charges, and for approval of financing related thereto. Staff also recommended that the District be granted authorization to accept and utilize the proceeds from $16,235,800 in USDA-RUS loans and to utilize a $400,000 U.S. Army Corps of Engineers grant previously approved by the Commission. (See, Staff report filed November 28, 2012).

7. Commission Staff recommended an increase in rates of 13.0% to support the project, which gives the District a surplus of $212,020 and bond coverage of 116.14% at the completion of the project. The District's bonds require a minimum debt service coverage of 115%. (See, Rule 42 revisions filed October 10, 2012; Staff report filed November 28, 2012).

8. Under the Staff-recommended rates, the average monthly bill for residential customers (3,830 gallons) will increase by $4.94, or 13.01%; the average monthly bill for commercial customers (15,630 gallons) will increase by $20.17, an increase of 13.02%; the average monthly bill for industrial customers (293,940 gallons) will increase by $379.18, or 13.02%; the average monthly bill for public authority customers (84,730 gallons) will increase by $11.03, or 13.02%; and the average monthly bill for flat rate customers (3,000 gallons) will increase by $3.86, or 12.98%. (See, Staff report filed November 28, 2012).

9. As of the date of this Order, the District has not objected to Staff's final recommendations. (See, case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to Putnam Public Service District for the construction, operation and maintenance of improvements to its sewer system in Putnam County. Approval is contingent upon the filing of any outstanding permits and clearances.

2. It is reasonable to approve the financing for the project, which consists of $16,235,800 in loans from the USDA-RUS, with $12,930,000 of that amount at an interest rate of 4% for a term of 40 years; $564,800 at an interest rate of 4.25% for a term of 40 years; $1,241,000 at an interest rate of 3.375% for a term of 40 years; and $1,500,000 at an interest rate of 3.375% for a term of 40 years, and a $400,000 grant from the U.S. Army Corps of Engineers.

3. The Staff-recommended rates, attached hereto as Appendix A, are sufficient, but not more than sufficient, to cover the District's operation and maintenance expenses, taxes other than income taxes, debt service requirements and routine capital additions, including the additional expenses and debt service requirements generated by the project certificated herein. Accordingly, the Staff-recommended rates should be approved to become effective for all service rendered by the District on and after the date of substantial completion of the project certificated herein.

4. Nine timely protests/petitions to intervene out of a customer base of 9,800 do not constitute substantial protest and do not warrant a public hearing on the application.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed herein on August 27, 2012, by the Putnam Public Service District for the construction, operation and maintenance of sewer system improvements to four (4) areas of Putnam County and to add 496 new customers, be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, consisting of $16,235,800 in loans from the USDA-RUS, with $12,930,000 of that amount at 4% interest for a

term of 40 years; $564,800 at 4.25% interest for a term of 40 years; $1,241,000 at 3.375% interest for a term of 40 years; and $1,500,000 at an interest rate of 3.375% for a term of 40 years, and a $400,000 grant from the U.S. Army Corps of Engineers, be, and hereby is, approved.

IT IS FURTHER ORDERED that the rates and charges, attached hereto as Appendix A, be, and hereby are, approved for use by the Putnam Public Service District for all service rendered on and after the date the project certificated herein is certified as substantially complete.

IT IS FURTHER ORDERED that, within thirty (30) days of filing the certificate of substantial completion for the project, Putnam Public Service District file an original and at least five (5) copies of a proper tariff setting forth the rates and charges hereby approved.

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

IT IS FURTHER ORDERED that, if there are any changes in project costs which do not affect rates, Putnam Public Service District file herein an affidavit duly executed by a certified public 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 certified tabulation of 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 submit to the Commission the project engineer's certificate of substantial completion and inspection of the project as soon as it is received.

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 the use of those rights-of-way.

IT IS FURTHER ORDERED that Putnam Public Service District submit all permits as soon as they are issued by governmental agencies prior to commencing construction.

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 by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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

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

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

Deborah Yost VanDervort
Administrative Law Judge

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PUTNAM COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 12-1209-PSD-CN

APPROVED RATES

SCHEDULE NO. 1

APPLICABILITY

Applicable within the entire territory served including the areas formerly served by Putnam Utilities Corporation and North Putnam Public Service District.

AVAILABILITY

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

RATE (customers with metered water supply)

Each 1,000 gallons used per month $11.20 per 1,000 gallons

MINIMUM BILL

No bill will be rendered for less than $22.40 per month.

DELAYED PAYMENT PENALTY

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

ALTERNATIVE MEASUREMENT OF SEWAGE

Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchasing and installing the meter and, upon installation of such waste discharge meter, the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

TAP FEE

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

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

A tap fee of $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.

DISCONNECT/RECONNECT FEES

To apply to all users who receive sewer service from the District and water service from Hurricane. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Hurricane a disconnection fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Hurricane, is reconnected, a reconnection fee of $25.00 shall be charged.

To apply to all users who receive sewer service from the District and water service from WVAWC. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with WVAWC a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with WVAWC, is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT RATE

$3.43 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SCHEDULE NO. 2

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

Available for sanitary sewer service to unmetered water users and users who obtain water from wells

FLAT RATE

Equivalent of 3,000 gallons of water usage, $33.59 per month

SCHEDULE NO. 3

SURCHARGE FORMULA TO BE APLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

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

$$Ci = VoVi + BoBi + SoSi$$

- Ci = charge to unusual users per year
- Vo = average unit cost of transport and treatment chargeable to volume, in dollars per pound
- Vi = volume of waste water from unusual users, in gallons per year
- Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound
- Bi = weight of BOD from unusual users, in pounds per year
- So = average unit cost of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
- Si = weight of total solids from unusual users, in pounds per year

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

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

SCHEDULE NO. 4

APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS OF THE PUTNAM PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the Putnam waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Putnam Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

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

APPLICABILITY

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

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

S	=	the surcharge in dollars
A	=	the area under roof and/or the area of any other water collecting surface connected to the sanitary sewer, in square feet
R	=	the measured monthly rainfall, in inches
.0006233	=	a conversion factor to change inches of rain x square feet of surface to thousands of gallons of water
C	=	the District's approved rate per thousand gallons of metered water usage

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

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

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

RECEIPT FOR BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certify this 27th day of June, 2013 as follows:

1. On the 27th day of June, 2013, at Scott Depot, West Virginia, the undersigned received for the Purchaser the Putnam Public Service District's:

(A) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), No. BR-1 (the "Series 2013 B Bonds"), issued as a single, fully registered Bond, in the principal amount of $6,000,000, dated the date hereof, bearing interest at the rate of 3.5% per annum, payable in monthly installments as stated in the Bond;

(B) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), No. CR-1 (the "Series 2013 C Bonds"), issued as a single, fully registered Bond, in the principal amount of $6,930,000, dated the date hereof, bearing interest at the rate of 3.5% per annum, payable in monthly installments as stated in the Bond;

(C) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), No. DR-1 (the "Series 2013 D Bonds"), issued as a single, fully registered Bond, in the principal amount of $564,800, dated the date hereof, bearing interest at the rate of 3.5% per annum, payable in monthly installments as stated in the Bond;

(D) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), No. ER-1 (the "Series 2013 E Bonds"), issued as a single, fully registered Bond, in the principal amount of $1,241,000, dated the date hereof, bearing interest at the rate of 3.375% per annum, payable in monthly installments as stated in the Bond; and

(E) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), No. FR-1 (the "Series 2013 F Bonds"), issued as a single, fully registered Bond, in the principal amount of $1,500,000, dated the date hereof, bearing interest at the rate of 3.375% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Series 2013 B Bonds, Series 2013 C Bonds, Series 2013 D Bonds, Series 2013 E Bonds and Series 2013 F Bonds have been executed and sealed by the designated officials of the Public Service Board of Putnam Public Service District (the "Issuer").

3. A. At the time of such receipt, there was paid to the Issuer the sum of $100,000, being a portion of the principal amount of the Series 2013 B Bonds. The balance of the principal amount of the Series 2013 B Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

B. At the time of such receipt, there was paid to the Issuer the sum of $100,000, being a portion of the principal amount of the Series 2013 C Bonds. The balance of the principal amount of the Series 2013 C Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

C. At the time of such receipt, there was paid to the Issuer the sum of $100,000, being a portion of the principal amount of the Series 2013 D Bonds. The balance of the principal amount of the Series 2013 D Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

D. At the time of such receipt, there was paid to the Issuer the sum of $100,000, being a portion of the principal amount of the Series 2013 E Bonds. The balance of the principal amount of the Series 2013 E Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

E. At the time of such receipt, there was paid to the Issuer the sum of $229,555.08, being a portion of the principal amount of the Series 2013 F Bonds. The balance of the principal amount of the Series 2013 F Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

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

UNITED STATES DEPARTMENT OF AGRICULTURE

Authorized Representative

847280.00019

SPECIMEN

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,000,000

No. BR-1 Date: June 27, 2013

FOR VALUE RECEIVED, 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 SIX MILLION DOLLARS ($6,000,000), plus interest on the unpaid principal balance at the rate of 3.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing July 27, 2013 and continuing on the 27th day of each month to and including June 27, 2015 (the first 24 months after the date hereof); and thereafter monthly installments of $23,820, covering principal and interest, beginning July 27, 2015 except that the final installment shall be paid on June 27, 2053 (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $564,800 (THE "SERIES 2013 D BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

SPECIMEN

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

SPECIMEN

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $100,000	June 27, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(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: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,930,000

No. CR-1

Date: June 27, 2013

FOR VALUE RECEIVED, 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 SIX MILLION NINE HUNDRED THIRTY THOUSAND DOLLARS ($6,930,000), plus interest on the unpaid principal balance at the rate of 3.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing July 27, 2013 and continuing on the 27th day of each month to and including June 27, 2015 (the first 24 months after the date hereof); and thereafter monthly installments of $27,513, covering principal and interest, beginning July 27, 2015, except that the final installment shall be paid on June 27, 2053 (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $564,800 (THE "SERIES 2013 D BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

Secretary, Public Service Board

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $100,000	June 27, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(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: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 D
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$564,800

No. DR-1

Date: June 27, 2013

FOR VALUE RECEIVED, 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 FIVE HUNDRED SIXTY FOUR THOUSAND EIGHT HUNDRED DOLLARS ($564,800), plus interest on the unpaid principal balance at the rate of 3.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing July 27, 2013 and continuing on the 27th day of each month to and including June 27, 2015 (the first 24 months after the date hereof); and thereafter monthly installments of $2,243, covering principal and interest, beginning July 27, 2015, except that the final installment shall be paid June 27, 2053 (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

Secretary, Public Service Board

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $100,000	June 27, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(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: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 E
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,241,000

No. ER-1 Date: June 27, 2013

FOR VALUE RECEIVED, 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 ONE MILLION TWO HUNDRED FORTY ONE THOUSAND DOLLARS ($1,241,000), plus interest on the unpaid principal balance at the rate of 3.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing July 27, 2013 and continuing on the 27th day of each month to and including June 27, 2015 (the first 24 months after the date hereof); and thereafter monthly installments of $4,840, covering principal and interest, beginning July 27, 2015, except that the final installment shall be paid on June 27, 2053 (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $564,800 (THE "SERIES 2013 D BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 2013 F BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

ATTEST:

Secretary, Public Service Board

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $100,000	June 27, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(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: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 F
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,500,000

No. FR-1

Date: June 27, 2013

FOR VALUE RECEIVED, 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 ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000), plus interest on the unpaid principal balance at the rate of 3.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing July 27, 2013 and continuing on the 27th day of each month to and including June 27, 2015 (the first 24 months after the date hereof); and thereafter monthly installments of $5,850, covering principal and interest, beginning July 27, 2015, except that the final installment shall be paid on June 27, 2053 (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, betterments, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 to (i) finance a portion of the cost of acquisition and construction of the Project; and (ii) pay certain costs of issuance and related costs. 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 June 25, 2013, 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 BORROWER'S:

(1) SEWER REVENUE BOND, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS");

(2) SEWER REVENUE BOND, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(3) SEWER REVENUE BOND, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(4) SEWER REVENUE BOND, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(5) SEWER REVENUE BOND, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS");

(6) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS");

(7) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS");

(8) SEWER REVENUE BOND, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS");

(9) SEWER REVENUE BOND, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS");

(10) SEWER REVENUE BOND, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS");

(11) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS");

(12) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS");

(14) SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,000,000 (THE "SERIES 2013 B BONDS");

(15) SEWER REVENUE BONDS, SERIES 2013 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,930,000 (THE "SERIES 2013 C BONDS");

(16) SEWER REVENUE BONDS, SERIES 2013 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $564,800 (THE "SERIES 2013 D BONDS"); AND

(17) SEWER REVENUE BONDS, SERIES 2013 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 27, 2013, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2013 E BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, THE SERIES 2008 B BONDS, THE SERIES 2009 A BONDS, THE SERIES 2009 B BONDS AND THE SERIES 2009 C BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
Post Office Box 860
Scott Depot, West Virginia 25560

SPECIMEN

ATTEST:

Secretary, Public Service Board

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $229,555.08	June 27, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(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: _____, 20____.

_____

In the presence of:

_____

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,000,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
BR-1	June 27, 2013	United States Department of Agriculture	Paul D. Callahan

847280.00019

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2013 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$6,930,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
CR-1	June 27, 2013	United States Department of Agriculture	Paul D. Callahan

847280.00019

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2013 D
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$564,800

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
DR-1	June 27, 2013	United States Department of Agriculture	Paul D. Callahan

847280.00019

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2013 E
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,241,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
ER-1	June 27, 2013	United States Department of Agriculture	Paul D. Gallatin

847280.00019

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2013 F
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,500,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
FR-1	June 27, 2013	United States Department of Agriculture	Paul D. Callahan

847280.00019

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 B
(United States Department of Agriculture)

Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its $6,000,000 Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution of the Issuer duly adopted June 25, 2013 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's: (i) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"); (ii) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"); (iii) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"); (iv) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"); (v) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"); (vi) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"); (vii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"); (viii) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"); (ix) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds"); (x) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds"); (xi) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds"); (xii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and (xiii) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as the "Prior Bonds"); and (i) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (ii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $564,800 (the "Series 2013 D Bonds"); (iii) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds"); and (iv) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,500,000 (the "Series 2013 F Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 C
(United States Department of Agriculture)

Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its $6,930,000 Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted June 25, 2013 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's: (i) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"); (ii) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"); (iii) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"); (iv) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"); (v) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"); (vi) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"); (vii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"); (viii) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"); (ix) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds"); (x) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds"); (xi) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds"); (xii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and (xiii) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as the "Prior Bonds"); and (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $564,800 (the "Series 2013 D Bonds"); (iii) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds"); and (iv) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,500,000 (the "Series 2013 F Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 D
(United States Department of Agriculture)

Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its $564,800 Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted June 25, 2013 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's: (i) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"); (ii) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"); (iii) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"); (iv) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"); (v) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"); (vi) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"); (vii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"); (viii) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"); (ix) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds"); (x) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds"); (xi) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds"); (xii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and (xiii) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as the "Prior Bonds"); and (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (iii) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds"); and (iv) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,500,000 (the "Series 2013 F Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 E
(United States Department of Agriculture)

Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its $1,241,000 Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted June 25, 2013 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's: (i) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"); (ii) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"); (iii) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"); (iv) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"); (v) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"); (vi) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"); (vii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"); (viii) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"); (ix) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds"); (x) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds"); (xi) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds"); (xii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and (xiii) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as the "Prior Bonds"); and (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (iii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $564,800 (the "Series 2013 D Bonds"); and (iv) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,500,000 (the "Series 2013 F Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

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STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its $1,500,000 Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution of the Issuer duly adopted June 25, 2013 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's: (i) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"); (ii) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"); (iii) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"); (iv) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"); (v) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"); (vi) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"); (vii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"); (viii) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"); (ix) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds"); (x) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds"); (xi) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds"); (xii) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and (xiii) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as the "Prior Bonds"); and (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (iii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $564,800 (the "Series 2013 D Bonds"); and (iv) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013, issued concurrently herewith in the original aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

RALPH W. BASSETT, JR.
Attorney At Law
1260 Lee Creek Road
Culloden, West Virginia 25510
Phone: (304) 208-5921
E-mail: rwbassett@gmail.com

June 27, 2013

USDA-Rural Development
418 Goff Mountain Road
Room 113
Cross Lanes, WV 25313
Attn: Tracey Rowan

Re: Putnam Public Service District
/ Waste Water Improvements Project

Dear Mrs. Rowan:

Please accept this letter as the narrative opinion required by Item 8-C of your letter of conditions for the above project dated September 23, 21010, and Item 4 of your letter of preliminary closing for the subject project dated June 5, 2013.

I hereby certify that all necessary permits, certifications and other items legally necessary have been obtained for eh above referenced project.

I hereby certify that the rights-of-way and easement agreements needed to be obtained prior to construction have been secured.

I hereby certify that the following condemnation proceedings have been initiated and Orders of Entry have been obtained for immediate entry upon said properties.

Right of Way:

Nancy Erb
CA No: 13-C-57
209 Cedar Drive
Scott Depot, WV 25560
Tax Map 225, Parcel 46

Jeff Allen Peters
CA No: 13-C-60
4951 Teays Valley Road
Scott Depot, WV 25560
Tax Map 225, Parcel 107 & 108

John Stephen Hall
CA No: 13-C-62
132 Scary Road
Scott Depot, WV 25560
Tax Map 225, Parcel 94

CMH Homes, Inc.
CA No: 13-C-58
5000 Clayton Road
Maryville, TN 37804
Tax Map 225, Parcel 92.8 & 131.3

Harold Tolbert
CA No: 13-C-56
100 Kilgore Road
Scott Depot, WV 25560
Tax Map 214A, Parcel 42

Ronald Nye
CA No: 13-C-67
111 Poplar Drive
Scott Depot, WV 25560
Tax Map 225B, Parcel 2-6

David Kannianen
CA No: 13-C-59
P. O. Box 211
Nitro, WV 25143
Tax Map 225, Parcel 66

Larry Conrad
CA No: 13-C-53
141 Kilgore Road
Scott Depot, WV 25560
Tax Map 214, Parcel 5 & 22

Right-of-way & Real Property – lift Station:

Donald Bunning
CA No: 13-C-55
925 Woodland Ave
S. Charleston, WV 25303
Tax Map 225, Parcel 92

I hereby certify that all of the preliminary title opinions have been submitted for this project and no problems exist in reference to these titles.

I also hereby certify that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and WV State Code Chapter 54 have been met with all acquisitions.

Sincerely yours,

Ralph W. Bassett, Jr.

Position 5

Form RD 442-22
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date June 27, 2013

Dear Sir:

I have reviewed the action taken by Putnam Public Service District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way Certificate," executed by the Corporation on Various from 2010to 2013, 19_____. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate."

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.

B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.

C. Exceptions:

See Attached Schedule A, " Right of Ways to be acquired by Condemnation".

Very truly yours,

Ralph W Barnett Jr

Attorney for Putnam Public Service District

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. ***Please DO NOT RETURN this form to this address.*** *Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.*

SCHEDULE A

Attachment to USDA

Form RD 442-22

WASTEWATER SYSTEM IMPROVEMENTS PROJECT

<u>To be acquired by condemnation</u>:

Nancy Erb
CA No: 13-C-57
209 Cedar Drive
Scott Depot, WV 25560
Tax Map 225, Parcel 46

Jeff Allen Peters
CA No: 13-C-60
4951 Teays Valley Road
Scott Depot, WV 25560
Tax Map 225, Parcel 107 & 108

Harold Tolbert
CA No: 13-C-56
100 Kilgore Road
Scott Depot, WV 25560
Tax Map 214A, Parcel 42

David Kannianen
CA No: 13-C-59
P. O. Box 211
Nitro, WV 25143
Tax Map 225, Parcel 66

John Stephen Hall
CA No: 13-C-62
132 Scary Road
Scott Depot, WV 25560
Tax Map 225, Parcel 94

CMH Homes, Inc.
CA No: 13-C-58
5000 Clayton Road
Maryville, TN 37804
Tax Map 225, Parcel 92.8 & 131.3

Ronald Nye
CA No: 13-C-67
111 Poplar Drive
Scott Depot, WV 25560
Tax Map 225B, Parcel 2-6

Larry Conrad
CA No: 13-C-53
141 Kilgore Road
Scott Depot, WV 25560
Tax Map 214, Parcel 5 & 22

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT PUTNAM PUBLIC SERVICE DISTRICT	ADDRESS OR PROPERTY COVERED BY THIS OPINION 6 Lift Stations, only real property	
APPLICANT FOR TITLE EXAMINATION PUTNAM PUBLIC SERVICE DISTRICT	COUNTY Putnam	STATE West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 27, 2013, at 9:00am a.m. p.m. (including the time of filing the current security instrument).
(Date)

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in Putnam Public Service District

as holder in fee or with right of entry as set forth in exhibit A.
(Joint tenants, tenants by the entirety, etc.)

B. The United States of America holds a valid First *(Priority)* Revenue *(Mortgage, etc.)* lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____ *(Date)*, _____, at _____ a.m. p.m. and is recorded in _____ *(Book, page, and office)*.

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

06-27-2013
(Date)

Ralph W. Bassett Jr.
(Attorney's signature)

Ralph W. Bassett, Jr. (WV Bar #261)
1260 Lee Creek Road
Culloden, WV 25510
(Address, include ZIP Code)

Attachments

PUTNAM PUBLIC SERVICE DISTRICT

WASTEWATER SYSTEM IMPROVEMENT PROJECT

EXHIBIT "A"

REAL PROPERTY

The following have been conveyed to the Putnam Public Service District:

1. Bobby & Donna Taylor
   Deed Book 519, Page 914
   Scott District, Putnam County
   Tax Map 225, Parcel 34.3
2. Catherine Jarrett and Carlos Jarrett
   Deed Book 517, Page 787
   Scott District, Putnam County
   Tax Map 204, Parcel 38.3
3. Darlena Painter Irrevocable Trust
   Deed Book 521, Page 181
   Scott District, Putnam County
   Tax Map 225, Parcel 32.1
4. Cecil Meadows
   Deed Book 511, Page 910
   Scott District, Putnam County
   Tax Map 225, Parcel 117.13
5. Putnam Farm and Land Company
   Deed Book 519, Page 911
   Scott District, Putnam County
   Tax Map 225, Parcel 57

The Following Parcel has been condemned and a right of entry is in hand.

6. Donald Bunning
   C.A. #: 13-C-55
   Right of Entry dated: March 28, 2013
   Scott District, Putnam County
   Tax Map 225, Parcel 92

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

ROBERT R. RODECKER
rodecker@wvdsl.net

AREA CODE 304
343-1654

FACSIMILE
343-1657

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am special PSC 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 Loan Resolutions when used herein.

I am of the opinion that the Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on January 10, 2013 which became the Final Order of the Commission on January 30, 2013, in Case No. 12-1209-PSD-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project, approval of rates and charges for the System and approval of the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. Such Order remains in full force and effect.

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

Sincerely,

Robert R. Rodecker

Robert R. Rodecker

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLIC SERVICE COMMISSION ORDER
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. SIGNATURES, ETC.
7. CERTIFICATION OF COPIES OF DOCUMENTS
8. INCUMBENCY AND OFFICIAL NAME, ETC.
9. DELIVERY AND PAYMENT
10. USE OF PROCEEDS
11. LAND AND RIGHTS-OF-WAY
12. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
13. CONTRACTORS' INSURANCE, ETC.
14. CONNECTIONS, ETC.
15. MANAGEMENT
16. GRANT
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. 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 ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify this 27th day of June, 2013 in connection with the Putnam Public Service District (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (iii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $564,800

(the "Series 2013 D Bonds"); (iv) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds"); and (v) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $1,500,000 (the "Series 2013 F Bonds"), (collectively, the "Series 2013 Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2013 Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated September 23, 2010, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted June 25, 2013 authorizing issuance of the Series 2013 Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Series 2013 Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2013 Bonds or receipt of any grant monies committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2013 Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Series 2013 Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2013 Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2013 Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on January 10, 2013, which became Final Order on January 30, 2013 in Case No. 12-1209-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges of the System. The time for

appeal of the Final Order has expired prior to the date hereof. The Order remains in full force and effect.

5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of loans to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2013 Bonds as to liens, pledge and source of and security for payment, being the Issuer's:

(1) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds");

(2) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds");

(3) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds");

(4) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds");

(5) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds");

(6) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds");

(7) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds");

(8) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds");

(9) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds");

(10) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds");

(11) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds");

(12) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and

(13) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System. Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2013 Bonds as to liens, pledge and/or service 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.

6. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Series 2013 Bonds on the date hereof, officially execute and seal the Series 2013 Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2013 Bonds for the Issuer.

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

Bond Resolution

Prior Bond Resolutions

Consent of WDA to Issuance of Parity Bonds

Consent of USDA to Issuance of Parity Bonds

Public Service Commission Order

United States Department of Agriculture Loan Resolutions

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication on Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

United States Department of Agriculture Letter of Conditions, with all Amendments

Bureau for Public Health Permit

Evidence of U.S. Army Corp of Engineers Grant

8. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Putnam Public Service District" and its principal office and place of business are in Putnam County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Paul D. Callahan	March 4, 2008	August 31, 2013
Calvin L. Hatfield	August 31, 2009	August 31, 2015
Joe E. Miller	August 31, 2011	August 31, 2017

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

Chairman – Joe E. Miller
Secretary – Paul D. Callahan
Treasurer – Calvin L. Hatfield

The duly appointed and acting Attorney for the Issuer is Bassett & Lowe, Milton, West Virginia and the duly appointed Special PSC Counsel is Robert R. Rodecker, Esquire, Charleston, West Virginia.

9. DELIVERY AND PAYMENT: A. On the date hereof, the Series 2013 B Bonds were delivered to the Purchaser at Scott Depot, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Series 2013 B Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2013 B Bonds, the amount of $100,000 was received by the undersigned Chairman, being a portion of the principal amount of Series 2013 B Bonds. Further advances of the balance of the principal amount of the Series 2013 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2013 B Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 3.5% per annum is payable from the date of each such advance.

B. On the date hereof, the Series 2013 C Bonds were delivered to the Purchaser at Scott Depot, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Series 2013 C Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2013 C Bonds, the amount of $100,000 was received by the undersigned Chairman, being a portion of the principal amount of Series 2013 C Bonds. Further advances of the balance of the principal amount of the Series 2013 C Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2013 C Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 3.5% per annum is payable from the date of each such advance.

C. On the date hereof, the Series 2013 D Bonds were delivered to the Purchaser at Scott Depot, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Series 2013 D Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2013 D Bonds, the amount of $100,000 was received by the undersigned Chairman, being a portion of the principal amount of Series 2013 D Bonds. Further advances of the balance of the principal amount of the Series 2013 D Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2013 D Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 3.5% per annum is payable from the date of each such advance.

D. On the date hereof, the Series 2013 E Bonds were delivered to the Purchaser at Scott Depot, West Virginia, by the undersigned Chairman for the purposes set forth

herein, and at the time of such delivery the Series 2013 E Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2013 E Bonds, the amount of $100,000 was received by the undersigned Chairman, being a portion of the principal amount of Series 2013 E Bonds. Further advances of the balance of the principal amount of the Series 2013 E Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2013 E Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 3.375% per annum is payable from the date of each such advance.

E. On the date hereof, the Series 2013 F Bonds were delivered to the Purchaser at Scott Depot, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Series 2013 F Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2013 F Bonds, the amount of $229,555.08 was received by the undersigned Chairman, being a portion of the principal amount of Series 2013 F Bonds. Further advances of the balance of the principal amount of the Series 2013 F Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2013 F Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 3.375% per annum is payable from the date of each such advance.

10. USE OF PROCEEDS: The total Cost of the Project is estimated at $16,635,800. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2013 B Bonds	$6,000,000
Proceeds of the Series 2013 C Bonds	$6,930,000
Proceeds of the Series 2013 D Bonds	$564,800
Proceeds of the Series 2013 E Bonds	$1,241,000
Proceeds of the Series 2013 F Bonds	$1,500,000
Proceeds of U.S. Army Corp of Engineers Grant	$400,000
Total Sources	$16,635,800
USES	
Costs of Acquisition and Construction	$16,597,800
Costs of Issuance	$38,000
Total Uses	$16,635,800

The Series 2013 Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

11. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2013 Bonds.

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

13. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Resolution.

14. CONNECTIONS, ETC.: The Issuer will serve at least 9,798 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

15. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

16. GRANT: As of the date hereof, the grant from the U. S. Army Corp of Engineers in the amount of $400,000 is committed and in full force and effect.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2013 Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code

of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Series 2013 Bonds.

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

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Attorney for Issuer
_____	Special PSC Counsel (Paragraph 4)

847280.00019

5862389

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Brian D. Morton, Registered Professional Engineer, West Virginia License No. 015631 of E.L. Robinson Engineering Co., Cross Lanes, West Virginia, hereby certify this 27th day of June, 2013 that my firm is the engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing sewerage system (the "System") of Putnam Public Service District (the "Issuer"), to be acquired and constructed in Putnam County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned Bonds of the Issuer.

1. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

2. 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 Bureau for Public Health; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; and (vii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the construction of the Project and operation of the System.

[Remainder of Page Intentionally Blank]

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

Seal

E.L. ROBINSON ENGINEERING COMPANY

Brian D. Morton, P.E.
West Virginia License No. 015631

BRIAN D. MORTON
REGISTERED
15631
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

847280.00019

5862351

PUTNAM PUBLIC SERVICE DISTRICT

SEWER SCHEDULE B

June 17, 2013

A. Cost of Project	Total	USDA LOANS	COE GRANT
1. Construction Costs			
a Route 33	6,476,159.00	6,476,159.00	0.00
b Rocky Step / Kilgore Road	3,881,645.00	3,881,645.00	0.00
c Marina Park	1,040,126.75	1,040,126.75	0.00
d Route 60 / Lexington Estates	1,061,841.00	1,061,841.00	0.00
2 Contingency 7.9%	981,277.00	981,277.00	0.00
3 Technical Services [E.L. Robinson]			
a Study & report	60,000.00	60,000.00	0.00
b Preliminary Design	228,000.00	220,000.00	8,000.00
c-1 Final Design	171,000.00	0.00	171,000.00
c-2 Final Design to Owner	171,000.00	0.00	171,000.00
d Bidding Phase	30,000.00	30,000.00	0.00
e Construction Phase	130,000.00	130,000.00	0.00
f Post Construction Phase	20,000.00	20,000.00	0.00
g RPR	455,000.00	455,000.00	0.00
h Additional Services	74,324.28	74,324.28	0.00
Archeological Survey	37,884.28	37,884.28	0.00
4 Legal			
a Ralph Bassett	25,000.00	25,000.00	0.00
b Robert Rodecker	10,000.00	10,000.00	0.00
c Janicker & Fenstermaker	50,000.00	50,000.00	0.00
5 Accounting [Bassett & Lowe]	30,000.00	30,000.00	0.00
6 COE Administration	50,000.00	0.00	50,000.00
7 Permits			
a CSX	88,000.00	88,000.00	0.00
b NPDES/ Ads	2,340.00	2,340.00	0.00
8 Lands & ROWs			
a Design Tech	9,595.00	9,595.00	0.00
b Scott Ware	6,465.00	6,465.00	0.00
c Acquisitions	24,030.00	24,030.00	0.00
9 Project Contingency	294,612.69	294,612.69	0.00
10 Sub Total	15,408,300.00	15,008,300.00	400,000.00
B. COST OF FINANCING			
11 Capitalized Interest	1,189,500.00	1,189,500.00	0.00
12 Bond Counsel [S&J]	38,000.00	38,000.00	0.00
13 Cost of Financing (lines 10 through 12)	1,227,500.00	1,227,500.00	0.00
14 TOTAL PROJECT COST line 9 + line 13	**16,635,800.00**	**16,235,800.00**	**400,000.00**
C. SOURCES OF OTHER FUNDS			
15 Federal Grants (COE)	400,000.00	0.00	400,000.00
16 State Grants	0.00	0.00	0.00
17 Other Grants	0.00	0.00	0.00
18 TOTAL GRANTS	400,000.00	0.00	400,000.00
19 Size of Bond Issue (line 14 minus Line 18)	16,235,800.00	16,235,800.00	0.00

Putnam Public Service District — Date: 6-25-2013

E.L. Robinson — Date: 6/27/13

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: rlowe@bassettlowe.com

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer revenue Bonds, Series 2013 F
(United States Department of Agriculture)

Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision entered January 10, 2013 which became a Final Order on January 30, 2013 of the Public Service Commission of West Virginia in Case No. 12-1209-PSD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by E.L. Robinson Engineering Company, Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewer system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the (1) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal of $6,000,000; (2) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $6,930,000; (3) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $564,800; (4) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $1,241,000; and (5) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $1,500,000; (collectively, the "Series 2013 Bonds"), and all other obligations secured by or payable from the revenues of the System, specifically including the Issuer's:

(1) Sewer Revenue Bond, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds");

(2) Sewer Revenue Bond, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds");

(3) Sewer Revenue Bond, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds");

(4) Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds");

(5) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds");

(6) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds");

(7) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds");

(8) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds");

(9) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds");

(10) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds");

(11) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds");

(12) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds"); and

(13) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds"), (collectively referred to as the "Prior Bonds").

It is our further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2013 Bonds are issued will be at least 115% of the average annual debt service requirements on the Series 2013 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 Series 2013 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2013 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 Series 2013 Bonds and the Prior Bonds.

Very truly yours,

BASSETT & LOWE

847280.00019

7-6-06

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

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

7-6-1t

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

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
LORA V. HART
105 Willard Circle
Hurricane, WV 25526
My Commission Expires March 8, 2010

6-27-06

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]

Chairman

Secretary

06.21.06
847280.00004

6-27-06

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

6.27.06

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 desirous 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

6.7.06

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;

Public Service Commission
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Charleston

(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

Public Service Commission
of West Virginia
Charleston

(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.[1] 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[2] of the Commission's *Rules for the Construction and Filing of*

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[1] 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.

[2] *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,

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Charleston

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).

Public Service Commission
of West Virginia
Charleston

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.]

Public Service Commission
of West Virginia
Charleston

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

Public Service Commission
of West Virginia
Charleston

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 provided 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.

Public Service Commission
of West Virginia
Charleston

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.

Public Service Commission
of West Virginia
Charleston

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

Public Service Commission
of West Virginia
Charleston

4-25-06

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

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

03-YY

Entered: October 16, 2003.

FINAL
11-5-03

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.

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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).

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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.

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CHARLESTON

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

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

ORIGINAL

EN

03 03-BR

Entered: September 5, 2003

CASE NO. 03-1042-PSWD-PC

FINAL
9-25-03

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.

RECOMMENDED 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;

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

(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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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.[1] Commission Staff went on to note that approval of the sale of North

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[1]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.

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CHARLESTON

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[2] 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).

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[2]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).

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

8-3-00

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

7·8·03

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

Commissioner

Commissioner

5·5·03

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

Challis K. Rials

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CHALLIS K. RIALS
P O Box 564
Winfield, WV 25213
My Commission Expires February 7, 2006

4-22-03

BOOK 076 PAGE 893

RECEIVED

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W VA PUBLIC SERVICE SEC

BEFORE THE COUNTY COMMISSION OF PUTNAM COUNTY

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 22ND 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

4.12.03

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BOOK 076 PAGE 897

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			TOTAL INVOICE AMOUNT					242.5

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State of West Virginia,

AFFIDAVIT OF PUBLICATION

I, Sandra Legg 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 Cou 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

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYNN R. FIELDER
253 FRAZIER WAY
SCOTT DEPOT, WV 25560
My commission expires December 11, 2006

Lynn R Fielder
Notary Public of Kanawha County, West Virginia

LEGAL ADVERTISEMENT

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

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may dissolve a public service district if it is found to be inactive; and

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

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; and

WHEREAS, with the acquisition of North Putnam Public Service District's assets and the takeover of its sewer operations, North Putnam will become inactive; and

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 and create a new North Putnam Public Service District but that plan was not carried out due to numerous reasons; and

WHEREAS, it is now deemed desirous 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 desirous 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 rescinding such prior order [illegible]

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, proposes 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. 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;

3. 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 purported to merge Putnam Union Public Service District and North Putnam Public Service Districts and create a new North Putnam Public Service District;

4. 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 in Winfield at 10:00 a.m.;

5. 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 I legal advertisement at least ten (10) days prior to the hearing;

6. 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;

7. 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.

ENTERED into the permanent record of Putnam County, West Virginia, this 25th day of March, 2003.

Attest:
Michael W. Elliott
Clerk
(042917)

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 Hull Deputy

BOOK 076 PAGE 898

LEGAL ADVERTISEMENT

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

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may dissolve a public service district if it is found to be inactive; and

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

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; and

WHEREAS, With the acquisition of North Putnam Public Service District's assets and the takeover of its sewer operations, North Putnam will become inactive; and

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

ADVERTISEMENT

and create a new North Putnam Public Service District but that plan was not carried out due to numerous reasons; and

WHEREAS, it is now deemed desirous 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 desirous 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 rescinding such prior order.

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, proposes 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. 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.

3. 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 purported to merge Putnam Union Public Service District and North Putnam Public Service Districts and create a

LEGAL ADVERTISEMENT

new North Putnam Public Service District.

4. 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 [illegible] April 22, 2003 in the Putnam County Courthouse in Winfield at 10:00 a.m.

5. 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 I legal advertisement at least ten (10) days prior to the hearing.

6. 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 at at least five conspicuous places within the territory of both South Putnam Public Service District and North Putnam Public Service District.

7. 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 as provided herein.

ENTERED into the permanent record of Putnam County, West Virginia, this 25th day of March, 2003.

Attest:
Michael W. Elliott
Clerk

(04.23.17)

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 Hull Deputy

BOOK 076 PAGE 898

7·27·00

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, Buncroft, 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

lt 7-27

AFFIDAVIT OF PUBLICATION

Cost of Publication $14.56

State of West Virginia, County of Putnam, to wit:

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_____).

/s/ Phyllis Robinson
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

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
FREDERICA A. WHITNEY
46 Riverdale Estates
Winfield, WV 25213
My Commission Expires May 4, 2008

/s/ Frederica A. Whitney
Notary Public of Putnam County, West Virginia

7·11·00

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 11th day of July, 2000.

Chairman

Patricia A Baber

Member

Member

5-1-95

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.

Raymond Peak
Mayor

Linda L Gibson
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]

Linda L. Gibson
Recorder

04/18/95
SPSJ.O2
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.

Raymond Beck

Chairman

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.

Raymond Cook
Chairman

04/25/95
SPSJ.P3
847280/94001

12-3-81

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, 1981, 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 13A, 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 U. 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. 43° 56' W. 1,693 feet, thence S. 6° 20' E. 265.9 feet, thence S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.62 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. 138.0 feet, thence S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.9 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. 1,309.8 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' 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. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 105.4 feet, thence S. 45° 15' 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. 263 feet, thence, S. 21° 45' E. 340.5 feet, thence, S. 60° 25' E. 229.0 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, No. 50° 05' E. 794.47 feet, thence, N. 65° 00' E. 433.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 89° 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. 98° 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. 1.19 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. 0.30 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' E. 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 3.70 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. 63° 30' W. 495 feet to a stone by some hickories; thence, N. 97° 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. 1,912.5 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. 54° 30' E. 3,686.5 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, 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° 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. 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. 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 beech; 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 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 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. 38° 26' 30" and a longitude W. 81° 59' 04"; thence, S. 68° 15' W. for 0.30 miles parallel with West Virginia Route 34 to a point having a 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 a latitude N. 38° 26' 31" and longitude W. 81° 59' 29"; thence, N. 45° 59' W. for 0.11 miles to a point on the south right-of-way of Old County Route 34/22

having a latitude N. 38° 26' 34" and longitude N. 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' 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 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 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 N518475, 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° 21' 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 N516900, 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 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° 07' 48" W. 125.00 feet; thence, S. 38° 39' 35" E. 1,120.55 feet; thence, N. 66° 48' 05" E. 761.58 feet; thence, S. 70° 33' 36" E. 1,640.00 feet; thence, S. 61° 54' 24" W. 1,707.71 feet; thence S. 78° 39' 01" E. 3,503.00 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 N521750, 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. 1,503.54 feet; thence, N. 31° 05' 50" E. 1,939.33 feet; thence, S. 70° 01' 01" E. 1,463.09 feet; thence, S. 07° 19' 21" E. 992.98 feet; thence, S. 25° 38' 28" E. 693.27 feet; thence, N. 53° 44' 46" E. 1,960.11 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' 55" 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. 1,390.14 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' 53" 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. 2,746.93 feet; thence N. 02° 20' 14" E. 1,226.02 feet; thence, N. 42° 22' 25" E. 1,929.39 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 coordinate N524160.24, 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. 63° 56' 44" E. 2,481.07 feet; thence, N. 74° 55' 53" E. 1,346.29 feet; thence, S. 29° 44' 42" E. 604.87 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. 55° 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. 56° 19' 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. 160.08 feet; thence, N. 29° 25' 39" E. 1,119.43 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 60/3, 915 feet, more or less to the true point of beginning.

(9) Ventroux Water Association for water service <u>only</u>, 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. 1,850 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. 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. 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. 296.50 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 Route 34 and 35 to a point in the southern edge of Kanawha River; thence, N. 71° 35' E. 295 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. 587.30 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 and 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.

Leff Moore, President

Leff Moore

R. B. Allen, Commission

R. B. Allen

Ronald K. Brown, Commission

Ronald K. Brown

ATTEST:

Charles E. Farley, Clerk

STATE OF W[illegible] [illegible] CLERK'S OFFICE

I, Charles [illegible] of the [illegible], Commission do,

hereby certi[illegible] [illegible] rect copy

and transcr[illegible] [illegible]

Given u[illegible] [illegible] ommission,

at Winfield [illegible] [illegible] ay of _____, 19[illegible]

_____ [illegible] Page _____

CHARLES [illegible] [illegible] COUNTY COMMISSION

By _____ 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 Winfield, 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. Erwin Deputy

3-10-81

A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES OF THE TEAYS VALLEY PUBLIC SERVICE DISTRICT HEREINAFTER 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 protion 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 territorial jurisdiction of the South Putnam 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. 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. 1,728.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence, S. 6° 20' E. 265.9 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. 38° 06' W. 478.3 feet, thence, S. 58° 42' W. 437.75 feet, thence, S. 68° 54' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 85° 09' E. 609.3 feet, thence, S. 87° 41' E. 1,309.8 feet, thence, S. 34° 57' E. 346.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 380.48 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. 15° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 38° 20' E. 105.1 feet, thence, S. 65° 25' E. 111.3 feet, thence, S. 42° 03' E. 123.0 feet, thence, S. 33° 40' E. 279.3 feet, thence, S. 46° 25' E. 253 feet, thence, S. 30° 25' E. 125.0 feet, thence, S. 21° 45' E. 210.5 feet, thence, S. 50° 25' E. 225.0 feet, thence, N. 35° 40' E. 119.5 feet, thence, N. 20° 01' W. 798.0 feet, thence, N. 56° 00' E. 77.33 feet, thence, N. 30° 05' E. 794.47 feet, thence, N. 56° 00' E. 433.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 54° 44' W. 312.41 feet, thence, N. 58° 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° 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 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, [illegible] ce, with northerly right-of [illegible] y 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. 83° 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. 1,812.5 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. 3,886.5 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, S. 84° 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. 330 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. 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. 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 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 beech, 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 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 34, having latitude N. 38° 26' 30" 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. 45° 59' W. for 0.1[illegible] miles to a point on the south right-of-way of Old County Route 34/22 having latitude N. 38° 26' 34" and longitude W. 81° 59' 34", thence, with the road right-of-way E. 37° 00' W. for 0.08 miles to a point on the right-of-way having latitude N. 38° 26' 37" and longitude W. 81° 59' 36", thence, N. 14° 00' W. with a fence line for 0.[illegible] 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 0.48 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 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 N518475, 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° 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, 2,954.75 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 N516900, 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° 07' 48" W, 125.00 feet, thence, S 38° 39' 35" E, 1,120.55 feet, thence, N 66° 48' 05" E, 761.58 feet, thence, S 70° 33' 36" E, 1,640.00 feet, thence, S 61° 54' 24" W, 1,707.71 feet, thence, S 78° 38' 01" E, 3,503.00 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 N521750, 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, 1,503.51 feet, thence, N 31° 05' 30" 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' 55" 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, 1,390.14 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' 53" 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, 2,746.93 feet, thence, N 02° 20' 14" E, 1,226.02 feet, thence, N 42° 22' 25" E, 1,928.89 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 N522825, 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° 56' 44" E, 5,521.07 feet, thence, N 74° 55' 53" E,

1,346.29 t, 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 55° 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 56° 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, 160.08 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 <u>only</u>, 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, 1,850 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, 2,190 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, crossi 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 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 56° 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 53-1/2° E, 146 feet with the river to a point, thence, N 57° 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 10thday of March, 1981.

Leff 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:_____

9-1-1959

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, 195 fix a date for a public hearing on the creation of the proposed Tea Valley Public Service District and in and by said resolution and or provide that all persons residing in or owning or having any intere in property in the proposed public service district might appear b fore the County Court at this meeting and have the opportunity to b 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 b filed by the requisite number of qualified voters registered and re siding within said proposed public service district and said County Court has given due consideration to all matters for which such hea 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 Count West Virginia, is hereby created, and said district shall have the following boundaries:

Beginning at a point of intersection of the center line of Wes Virginia Secondary Route No. 44 and the northerly right-of-way line the Chesapeake and Ohio Railway Company at a latitude of N. 38° 26' and longitude W. 81° 51' 24", thence with the northerly right-of-wa line of the Chesapeake and Ohio Railway Company in a westerly direc 6.90 miles, more or less, to a point having a latitude of N. 38° 26' 23" and a longitude of W. 81° 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° 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 containi 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. Milam, 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 Virgini has determined that the territory within Putnam County, West Virgini having the hereintoatove described boundaries, is to 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 sa public service district will be conducive to the preservation of pub health and comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT September 1, 1959.

President

Attest;

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

8-4-59

Winfield, West Virginia
August 4, , 195

The County Court of Putnam County, West Virginia, met in regula 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 fo in a resolution and order adopted by the County Court on August 4, 1959, the president announced that all persons residin in or owning or having any interest in property in such proposed publ 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

Nay:

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 by 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

Nay:

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

On motion and vote the meeting adjourned.

President

Attest:

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 contracting 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. 41 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. 38° 38' 19" and longitude W. 81° 51' 24", thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 8.90 miles, more or less, to a point having a latitude of N. 38° 38' 22" and a longitude of W. 81° 59' 04", thence North 6.82 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 7.36 miles, thence south 33° 00' W. 0.18 miles to the place of beginning containing 3.14 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. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 14, 1956.

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, 1958, 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 6th day of August, 1958.

A. M. BROWN
County Court Clerk

Approved by the County Court August 4, 1958.

C. R. MILLER
President

[illegible]

A. M. BROWN
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 the 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 and owning real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 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 distric shall be "Teays Valley Public Service District".

(b). The territory to be embraced in said Public Service Distric 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. 38° 26' 10" and longitude W. 81° 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° 26' 23" and a longitude of W. 81° 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 lin of Interstate Route No. 64, in an easterly direction 7.35 miles, thenc south 30° 00' W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial Distri 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. Milam, Inc. 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

(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 Democrat, a newspaper of general circulation published in Putnam County.

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 an 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 havi 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° 26' 10" and longitude W. 81° 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° 26' 23" and a longitude of W. 81° 59' 00", 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° 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. Milam, 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 Mullins
President

Attest:

A M Brown
Clerk

STATE OF WEST VIRGINIA)
) SS
COUNTY OF PUTNAM)

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

COPY

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 11th 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 11th day of March, 2008.

Stephen A. Andes, President

R. Joseph Haynes, Commissioner

Gary O. Tillis, Commissioner

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 16th day of August, 2011 does hereby RE-APPOINT Mr. Joe E. Miller, 3709 Cambridge Drive, Hurricane, WV 25526 to serve on the Putnam Public Service District Board, effective August 31, 2011 with a term to expire on August 31, 2017.

ENTER this 16th day of August, 2011.

Doc ID: 003075710001 Type: COU
Recorded: 08/17/2011 at 02:23:52 PM
Fee Amt: Page 1 of 1
Putnam County Clerk
Brian Wood County Clerk
BK95 PG323

Stephen A. Andes, President

ABSENT

Gary O. Tillis, Commissioner

R. Joseph Haynes, Commissioner

STATE OF WEST VIRGINIA, Putnam County Commission Clerk's Office 08/17/2011. The foregoing together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: _____ Clerk

COPY

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 14th day of July, 2009 does hereby RE-APPPOINT 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 14th day of July, 2009.

Absent

Gary O. Tillis, President

R. Joseph Haynes, Commissioner

Stephen A. Andes, 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.

Paul D. Callahan

_____ Clerk
PUTNAM COUNTY COMMISSION
WINFIELD, WEST VIRGINIA

BY: _____ Deputy

OFFICIAL OATH

Doc ID: 003083180001 Type: MIS
Recorded: 08/26/2011 at 03:42:18 PM
Fee Amt: Page 1 of 1
Putnam County Clerk
Brian Wood County Clerk
BK 69 PG 398

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 PUTNAM PUBLIC SERIVCE DISTRICT BOARD WITH TERM EFFECTIVE AUGUST 31, 2011 TO AUGUST 31, 2017 to the best of my skill and judgment, SO HELP ME GOD.

Subscribed and sworn to before me this 26TH day of AUGUST, 2011.

Joe E Miller

Brian Wood Clerk
PUTNAM COUNTY COMMISSION
WINFIELD, WEST VIRGINIA

BY: J Seibert Deputy

STATE OF WEST VIRGINIA, Putnam County Commission Clerk's Office 08/26/2011. The foregoing Miscellaneous together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: _____ Clerk

OFFICIAL OATH

Doc ID: 003395210001 Type: MISC
Recorded: 02/20/2013 at 03:36:14 PM
Fee Amt: Page 1 of 1
Putnam County Clerk
Brian Wood County Clerk
BK 72 PG 30

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, CALVIN HATFIELD, 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 EFFECTIVE AUGUST 31, 2009 TO AUGUST 31, 2015 to the best of my skill and judgment, SO HELP ME GOD.

Subscribed and sworn to before me this 20TH day of FEBRUARY, 2013.

Brian Wood Clerk
PUTNAM COUNTY COMMISSION
WINFIELD, WEST VIRGINIA

BY: Regina Hull Deputy

STATE OF WEST VIRGINIA, Putnam County Commission Clerk's Office 02/20/2013. The foregoing Miscellaneous together with the certificate of its acknowledgment, was this day presented in said office and admitted to record

Teste: Clerk

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 specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

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

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

THE PUTNAM STANDARD

A CITIZEN NEWSPAPER

AFFIDAVIT OF PUBLICATION Cost of Publication 547.40

State of West Virginia, County of Putnam, to wit:

I, Bill Unger, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM STANDARD, 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 Tuesday, 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

12-1209-PSD-CN

Was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 4th day of Sept, 20 12, and ending with issue of the 4th day of Sept, 20 12, (and was posted, if required, at the _____ on the _____ day of _____, 20 _____).

/s/ Bill Unger
Bill Unger, Publisher
THE PUTNAM STANDARD

Taken, subscribed and sworn to before me in my said county this 4th day of Sept, 20 12.

My commission expires March 8 2015

Trudy Black

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TRUDY BLACK
324 SUMMERS ADDITION
MILTON, WV 25541
My commission expires March 8, 2015

P.O. Box 186, Culloden, WV, 25510

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 27th day of August, 2012.

CASE NO. 12-1209-PSD-CN

PUTNAM PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity for the construction, operation and maintenance of sewer system improvements, for approval of increased sewer rates and charges, and for approval of financing related thereto

NOTICE OF FILING

On August 27, 2012, the Putnam Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity for the construction, operation and maintenance of improvements to its sewer system. The applicant is also seeking the Commission's approval of increased sewer rates and charges to become effective upon completion of the project and of the project financing.

The applicant proposes improvements to its sewer system under the following four contracts:

Contract 1. "Route 33 Sewer Extension" which includes the construction of 8-inch and 10-inch sanitary sewers and pump stations to serve a previously unserved area along County Road 33, from just west of Route 817 (formerly State Route 35) to Rocky Step Road. This portion of the improvement project would result in service to approximately 277 new customers;

Contract 2. "Rocky Step Road and Kilgore Road Sewer Extension" which includes the construction of an 8-inch gravity sanitary sewer and a grinder pump station to serve the previously unserved Rocky Step Road and Kilgore Road areas. This portion of the improvement project would result in service to approximately 163 new customers;

Contract 3. "Marina Park Sewer Replacement" where the existing old and deteriorated sanitary sewers in the Marina Park Mobile Home Park will be replaced with 8-inch gravity sewers and precast concrete manholes; and,

Contract 4. "Route 60 Sewer Extension" involving the construction of 8-inch gravity sanitary sewers to serve the previously unserved area along State Route 60 between Sam's Fork Road and Rider Creek Road. The existing manholes in Lexington Estates Subdivision will also be rehabilitated in this portion of the project. This portion of the improvement project would result in service to approximately 56 new customers

In the event deductions to the proposed project become necessary, modifications would be made to the contracts, with the exception there would be no modification to Contract 3. Those modifications may be:

Contract 1. "Route 33 Sewer Extension" elimination of four sanitary sewer services along Scary Creek Road as well as elimination of six permanent standby generators for the lift stations.

Contract 2. "Rocky Step Road and Kilgore Road Sewer Extension" elimination of one standby generator for the lift station.

Contract 4. "Route 60 Sewer Extension" elimination of Lexington Estates Manhole Rehabilitation.

If project funding permits additions to the project, GPS locating equipment would be purchased for the sewer system.

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

The total estimated project cost is $16,635,800.00, to be funded through a U.S. Army Corps of Engineers (COE) grant of $400,000.00 and the following four Rural Utilities Service (RUS) loans totaling $16,235,800.00:

Amount	Term	Interest Rate
$12,930,000.00	40 years	4.0%
$ 564,800.00	40 years	4.25%
$ 1,241,000.00	40 years	3.375%
$ 1,500,000.00	40 years	3.375%

The District is seeking the Commission=s approval of the following increased sewer rates and charges, all project related:

SCHEDULE NO. 1

APPLICABILITY
Applicable within the entire territory served including the areas formerly served by Putnam Utilities Corporation and North Putnam Public Service District.

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

RATE (customers with metered water supply)
Each 1,000 gallons used per month $11.77 per 1,000 gallons.

MINIMUM BILL
No bill will be rendered for less than $23.54 per month, which is equal to 2,000 gallons used.

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

ALTERNATIVE MEASUREMENT OF SEWAGE
Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request the District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchasing and installing the meter and, upon installation of such waste discharge meter, the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

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

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

A tap fee of $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.

DISCONNECT/RECONNECT FEES
To apply to all users who receive sewer service from the District and water service from the City of Hurricane (Hurricane). Whenever water has been disconnected for non-

payment of sewer bills in conjunction with a water service termination agreement with Hurricane, a disconnection fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Hurricane, is reconnected, a reconnection fee of $25.00 shall be charged.

To apply to all users who receive sewer service from the District and water service from West Virginia-American Water Company (WVAWC). Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with WVAWC, a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with WVAWC, is reconnected, a reconnection fee of $20.00 shall be charged.

LEAK ADJUSTMENT RATE
$3.51 per 1,000 gallons of water is to be used when the 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.

SCHEDULE NO. 2

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY
Available for sanitary sewer service to unmetered water users and users who obtain water from wells

FLAT RATE
Equivalent of 3,000 gallons of water usage, $35.31 per month

SCHEDULE NO. 3

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE
The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment charge able to volume, in dollars per pound

Vi = volume of wastewater from unusual users in gallons per year

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound

Bi = weight of BOD from unusual users in pounds per year

So = average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound

Si = weight of total solids from unusual users in pounds per year

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

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

SCHEDULE NO. 4

APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS OF THE DISTRICT
Where the amount of sanitary sewage discharged into the District waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter

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or meters, and the plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

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

APPLICABILITY

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

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

S	- the surcharge in dollars
A	- the area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
R	- the measured monthly rainfall in inches
.0006233	- the conversion factor to change inches of rain x square feet of surface to thousands of gallons of water
C	- the District's approved rate per thousand gallons of metered water usage

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

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

These rates represent the following project-related increases to become effective upon substantial completion of the project, or upon commencement of debt service, whichever first occurs, unless otherwise ordered:

	Going Level	Projected	Average Monthly Bill ($) Increase	(%) Increase
Residential	$ 39.95	$ 46.96	$ 7.00	17.53%
Commercial	$ 160.46	$ 190.54	$ 30.09	18.75%
Industrial	$1,004.19	$1,192.47	$188.29	18.75%
Public Authority	$ 91.06	$ 108.13	$ 17.07	18.75%
Other	$ 29.48	$ 35.55	$ 6.07	20.59%

The proposed project-related increased rates and charges will produce approximately $1,030,000.00 annually in additional revenue, an increase of 17.92%. The total increase will not exceed this estimate unless further notice is provided.

The District currently has no sewer resale customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges among the various classes of customers are only a proposal and are subject to change (increases or decreases) by the Commission in its review of this filing.

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

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on the Commission's review of the evidence with the application.

PUTNAM PUBLIC SERVICE DISTRICT

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PUTNAM PUBLIC SERVICE DISTRICT
Regular Meeting of the PSD Board
10 January 2013

MINUTES

Chairman Joe Miller called to order the regular meeting of the PSD Board with Commissioners Calvin Hatfield and Paul Callahan present. Staff members present included Mike McNulty.

RECOGNITION OF GUESTS
Individuals present for professional obligations will be addressed under the designated agenda item.

No guests were present.

ORGANIZATION OF OFFICERS
Calvin Hatfield made the motion to elect Joe Miller, Chairman; Paul Callahan, Secretary; and Calvin Hatfield, Treasurer. Paul Callahan seconded the motion and it was approved by unanimous vote.

MINUTES OF PREVIOUS MEETING
Calvin Hatfield made the motion approving the Minutes of the December 20, 2012 regular meeting of the PSD Board that were provided to the Commissioners prior to the meeting for review. Paul Callahan seconded the motion and it 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 #1071 in the amount of $85,205.32 was presented to the Board for re-approval;
Requisition #1072 in the amount of $229,536.99 was presented to the Board for approval;
Requisition #1073 in the amount of $269,967.67 was presented to the Board for approval;
Requisition #1074 in the amount of $238,303.89 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 and it was approved by unanimous vote.

CUSTOMER ADJUSTMENT REQUESTS
Mr. McNulty presented the customer adjustment requests as outlined below.

Name/Address	Water	Sewer	Action
Randy Wright 102A Green Dr., Hurricane	$117.78	$265.74	Approved
Richard Thomas Summit Ridge, Hurricane	$44.72	$101.61	Approved

Dennis Gilmore Bancroft	---	$64.48	Approved
J.P. Owens Red House	---	$88.91	Approved
Charlotte Stanley Winfield Rd., Winfield	$37.49 $35.28	$83.05 $78.16	Approved
Jonathan Wray Burns Rd., Scott Depot	$579.36	---	Approved
David Brown Rt. 34, Scott Depot	$246.77	---	Approved
Frank Richter Wethersfield Crossing	$47.63 $72.32	$105.52 $160.23	Approved
Michael Harmon Wellington Dr., Hurricane	$83.36	$189.03	Approved
John Lucas Sherwood Cir., Hurricane	$6.52 $10.93	$17.12 $26.89	Approved
Teresa Witt Marie Dr., Hurricane	$71.00	$157.30	Approved
J.W. Samms Saw Mill Rd., Scott Depot	$23.25	---	Approved
Edward Qualls Mt. Vernon Rd., Hurricane	$60.46	$90.73	Approved
The Gallery Teays Valley Rd., Hurricane	$137.86	$314.59	Approved
Linda Gould Hapi-Day Park, Winfield	---	$23.87	Approved

Following review, Calvin Hatfield made the motion approving the customer adjustment requests as presented. Paul Callahan seconded the motion and it was approved by unanimous vote.

OLD BUSINESS

Teays Hollow Sewer Project
PSC of WV Case No.: 08-0758-S-CN
Staff presented USDA Estimate of Funds Needed No.30, relating to project services for the **Teays Hollow Sewer Project**, authorizing payment in the amount of $71,102.25.

Following review, Calvin Hatfield made the motion to approve the USDA Estimate of Funds Needed No.30 for the **Teays Hollow Sewer Project** in the amount of $71,102.25 as presented and authorize the Chairman to sign on behalf of the District. Paul Callahan seconded the motion and it was approved by unanimous vote.

Staff presented Resolution No.41 approving the invoices relating to project services for the **Teays Hollow Sewer Project** and authorizing payment in the amount of $71,102.25.

Following review, Calvin Hatfield made the motion to approve Resolution No.41 for the **Teays Hollow Sewer Project** in the amount of $71,102.25 as presented. Paul Callahan seconded the motion and it was approved by unanimous vote.

Calvin Hatfield made the motion to authorize Michael McNulty, General Manager to sign the approved pay estimates. Paul Callahan seconded the motion and it was approved by unanimous vote.

Water Treatment Plant Clarification Enhancement Project
PSC of WV Case No.: 10-0303-PWD-CN
Staff updated the Board on the status of the project.

Rt. 33 / Rt. 60 / Marina Park Sewer Extension Project
PSC of WV Case No.: 12-1209-PSD-CN
Staff updated the Board on the status of the project. Staff is in receipt of the Recommended Decision issued by the Public Service Commission of West Virginia approving the project.

Staff presented a revised agreement with CSX Railroad, No. CSX702753 for increasing the size of the conduit located along Scary Creek.

Calvin Hatfield made the motion to authorize the Chairman to sign the agreement, CSX Railroad, No. CSX702753on behalf of the District. Paul Callahan seconded the motion and it was approved by unanimous vote.

2012 Water Project & John Amos Fire Suppression Project
PSC of WV Case No.: 12-1300-PWD-CN
Staff updated the Board on the status of the project. The District is revising the Rule 42 Financial Exhibit to reflect the contract water sales to the City of Hurricane and updating corresponding documentation.

City of Hurricane and WV-American Water Company
PSC Case No.: 12-0092-W-PC
Staff presented the Water Sales Agreement that was approved by the Public Service Commission of West Virginia between the City of Hurricane and Putnam Public Service District for execution.

Calvin Hatfield made the motion to authorize the Chairman to sign the Water Sales Agreement on behalf of the District. Paul Callahan seconded the motion and it was approved by unanimous vote.

City of Hurricane Stormwater Utility Customer Agreement
PSC Case No.:08-1905-PWD-S-PC
Staff updated the Board on the status of the Stormwater Utility Customer Agreement. Staff has contacted Appalachian Software Inc., and has authorized them to proceed with the software

upgrade necessary in order to provide the City of Hurricane with the customer information they requested from the District. The City will pay for the total cost of the software design necessary to obtain the billing information.

Sewer Bond Refinancing
PSC Case No.:13-0041-PSD-PC
Staff presented the USDA Rural Development Parity Consent form.

Calvin Hatfield made the motion to authorize the Chairman to sign the USDA Rural Development Parity Consent form on behalf of the District. Paul Callahan seconded the motion and it was approved by unanimous vote.

NEW BUSINESS
Developer Plans
No plans were presented.

OTHER BUSINESS
Staff presented the Lease Purchase Agreement between the District and BB&T for the financing of the Ford F350 utility truck. The District is borrowing $33,068 for 36 months at 2.23%.

Calvin Hatfield made the motion to authorize the Chairman to sign the agreement on behalf of the District. Paul Callahan seconded the motion and it was approved by unanimous vote.

EXECUTIVE SESSION
The Board did not enter into executive session.

ADJOURNMENT
There being no further business, Calvin Hatfield made the motion to adjourn the regular meeting at 8:15 pm. Paul Callahan seconded the motion and it was approved by unanimous vote.

Joe E. Miller, Chairman

Calvin L. Hatfield, Treasurer

Paul D. Callahan, Secretary

PUTNAM PUBLIC SERVICE DISTRICT
Special Meeting of the PSD Board
25 June 2013

MINUTES

Chairman Joe Miller called to order the special meeting of the PSD Board with Board members Calvin Hatfield and Paul Callahan present. Staff members present included Mike McNulty and David Mercer.

RECOGNITION OF GUESTS

The Board welcomed John Stump and Katy Mallory with Steptoe and Johnson, Brian Morton with E.L. Robinson Engineering, Tracey Rowan with USDA Rural Utilities Service, Brian Morton P.E. with E.L. Robinson Engineering Company, and Ralph Bassett, CPA & Attorney-At-Law.

The Board of Commissioner's recognized Mr. Bassett for his 30 years of service working with District. Mr. Bassett has served as the District's account and local attorney for many of the District's capital improvement projects. The Board thanked Mr. Bassett and wished him well in his retirement.

OLD BUSINESS

2012 Water Project & John Amos Fire Suppression Project

Chairman Miller recognized John Stump.

Mr. Stump presented the following:

- Water Revenue Bonds, Series 2013 A in the amount of $3,785,000.
- Water Revenue Bonds, Series 2013 B in the amount of $600,000.
- Water Revenue Bonds, Series 2013 C in the amount of $1,074,000.

Following Mr. Stump's presentation, Calvin Hatfield made the motion to approve the Bond Resolution providing for the issuance of its Water Revenue Bonds, Series 2013 A, Water Revenue Bonds, Series 2013 B and Water Revenue Bonds, Series 2013 C (collectively, the "Water Bonds"). The proceeds of the Water Bonds will be used (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer; and (ii) to pay costs of issuance of the Water Bonds and related costs. The Water Bonds are payable solely from revenues to be derived from the ownership and operation of the water system of the District.

Calvin Hatfield made the motion to approve the Draw Resolution for the payment of invoices from the Water Bonds. Paul Callahan seconded the motion and it was approved by unanimous vote.

Next, Chairman recognized Brian Morton.

Mr. Morton presented the construction contracts for the 2012 Water Project & John Amos Fire Suppression Project.

Following Mr. Morton's presentation, Calvin Hatfield made the motion to authorize Chairman Miller to sign the construction contracts as presented on behalf of the district. Paul Callahan seconded the motion and it was approved by unanimous vote.

Rt. 33 / Rt. 60 / Marina Park Sewer Project
Chairman Miller recognized John Stump.

Mr. Stump presented the following:

- Sewer Revenue Bonds, Series 2013 B in the amount of $6,000,000.
- Sewer Revenue Bonds, Series 2013 C in the amount of $6,930,000.
- Sewer Revenue Bonds, Series 2013 D in the amount of $564,800.
- Sewer Revenue Bonds, Series 2013 E in the amount of $1,241,000.
- Sewer Revenue Bonds, Series 2013 F in the amount of $1,500,000.

Following Mr. Stump's presentation, Calvin Hatfield made the motion to approve the Bond Resolution providing for the issuance of its Sewer Revenue Bonds, Series 2013 A, Sewer Revenue Bonds, Series 2013 B; Sewer Revenue Bonds, Series 2013 C; Sewer Revenue Bonds, series 2013 D and Sewer Revenue Bonds, Series 2013 E (collectively, the "Sewer Bonds"). The proceeds of the Sewer Bonds will be used (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewer system of the Issuer; and (ii) to pay costs of issuance of the Sewer Bonds and related costs. The Sewer Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the District.

Calvin Hatfield made the motion to approve the Draw Resolution for the payment of invoices from the Sewer Bonds. Paul Callahan seconded the motion and it was approved by unanimous vote.

Next, Chairman recognized Brian Morton.

Mr. Morton presented the construction contracts for the Rt. 33 / Rt. 60 / Marina Park Sewer Project.

Following Mr. Morton's presentation, Calvin Hatfield made the motion to authorize Chairman Miller to sign the construction contracts as presented on behalf of the district. Paul Callahan seconded the motion and it was approved by unanimous vote.

Sewer Bond Refinancing

Chairman Miller recognized John Stump.

Mr. Stump presented the Sewer Refunding Revenue Bonds, Series 2013 A (Tax-Exempt) Bond Resolution.

Following Mr. Stump's presentation, Calvin Hatfield made the motion to adopt the Bond Resolution providing for the issuance of its Sewer Refunding Revenue Bonds, Series 2013 A

(Tax-Exempt). Furthermore, the proceeds of the Bonds will be used (i) finance the costs of currently refunding the Issuer's Series 1995 Bonds and Series 2002 A Bonds, (ii) fund the Series 2013 A Bonds Reserve Account, and (iii) pay certain costs of issuance of the Series 2013 A Bonds and related costs. Provided the Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the District. Paul Callahan seconded the motion and it was approved by unanimous vote.

Executive Session
At 12:10 pm, Calvin Hatfield made the motion to recess the special 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 12:55 pm, Calvin Hatfield made the motion to reconvene the special meeting. Paul Callahan seconded the motion that was approved by unanimous vote.

Calvin Hatfield made the motion to approve the revised Employment Contract between the District and Mike McNulty. Paul Callahan seconded the motion and it was approved by unanimous vote.

Calvin Hatfield made the motion to approve a performance bonus for Mike McNulty in the amount of $3,000. Paul Callahan seconded the motion and it was approved by unanimous vote.

ADJOURNMENT
There being no further business brought before the Board, Calvin Hatfield made the motion to adjourn the meeting at 1:00 pm. Paul Callahan seconded the motion that was approved by unanimous vote.

Joe E. Miller, Chairman

Calvin L. Hatfield, Treasurer

Paul D. Callahan, Secretary

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Ave.
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/27/2013

ISSUE: Putnam Public Service District
Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture)

ADDRESS: Post Office Box 860, Scott Depot, West Virginia 25560 COUNTY: Putnam

PURPOSE OF ISSUE:
New Money: x
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/27/2013
CLOSING DATE: 6/27/2013
ISSUE AMOUNT: $6,000,000.00
RATE: 3.50%
1ST DEBT SERVICE DUE: N/A
1ST PRINCIPAL DUE: N/A
1ST DEBT SERVICE AMOUNT N/A
PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: ____
Contact: ____
Phone: ____

CLOSING BANK:
Bank: Putnam County Bank
Contact: Jerry Brown
Phone: 304.562.9931

ESCROW TRUSTEE:
Firm: ____
Contact: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact: Mike McNutly
Position: General Manager
Phone: (304) 757.6551

OTHER:
Agency: United States Department of Agriculture
Contact: Tracey Rowan
Position: Area Director
Phone: (304) 284-4860

DEPOSITS TO MBC AT CLOSE
By: ____ Wire
____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: $ ____

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

____ To Escrow Trustee $ ____
____ To Issuer $ ____
____ To Cons. Invest. Func $ ____
____ To Other: ____ $ ____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2013 B Reserve Account. The first payment into the Reserve Account will commence 24 months following the date hereof.

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

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Ave.
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/27/2013

ISSUE: Putnam Public Service District
Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture)

ADDRESS: Post Office Box 860, Scott Depot, West Virginia 25560 COUNTY: Putnam

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/27/2013
CLOSING DATE: 6/27/2013
ISSUE AMOUNT: $6,930,000.00
RATE: 3.50%
1ST DEBT SERVICE DUE: N/A
1ST PRINCIPAL DUE: N/A
1ST DEBT SERVICE AMOUNT N/A
PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank: Putnam County Bank
Contact: Jerry Brown
Phone: 304.562.9931

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Mike McNutly
Position: General Manager
Phone: (304) 757.6551

OTHER:
Agency: United States Department of Agriculture
Contact: Tracey Rowan
Position: Area Director
Phone: (304) 284-4860

DEPOSITS TO MBC AT CLOSE
By:
____ Wire
____ Check

____ Accrued Interest: $
____ Capitalized Interest: $
____ Reserve Account: $
____ Other: $

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

____ To Escrow Trustee $
____ To Issuer $
____ To Cons. Invest. Func $
____ To Other: ____ $

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2013 C Reserve Account. The first payment into the Reserve Account will commence 24 months following the date hereof.

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

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Ave.
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/27/2013

ISSUE: Putnam Public Service District
Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture)

ADDRESS: Post Office Box 860, Scott Depot, West Virginia 25560 COUNTY: Putnam

PURPOSE OF ISSUE:
New Money: x
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/27/2013

CLOSING DATE: 6/27/2013

ISSUE AMOUNT: $564,800.00

RATE: 3.50%

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A

PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: ____
Contact: ____
Phone: ____

CLOSING BANK:
Bank: Putnam County Bank
Contact: Jerry Brown
Phone: 304.562.9931

ESCROW TRUSTEE:
Firm: ____
Contact: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact: Mike McNutly
Position: General Manager
Phone: (304) 757.6551

OTHER:
Agency: United States Department of Agriculture
Contact: Tracey Rowan
Position: Area Director
Phone: (304) 284-4860

DEPOSITS TO MBC AT CLOSE
By: ____ Wire
____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: $ ____

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

____ To Escrow Trustee $ ____
____ To Issuer $ ____
____ To Cons. Invest. Func $ ____
____ To Other: ____ $ ____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2013 D Reserve Account. The first payment into the Reserve Account will commence 24 months following the date hereof.

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

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Ave.
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/27/2013

ISSUE: Putnam Public Service District
Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture)

ADDRESS: Post Office Box 860, Scott Depot, West Virginia 25560 COUNTY: Putnam

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/27/2013

CLOSING DATE: 6/27/2013

ISSUE AMOUNT: $1,241,000.00

RATE: 3.375 %

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A

PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank: Putnam County Bank
Contact: Jerry Brown
Phone: 304.562.9931

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Mike McNutly
Position: General Manager
Phone: (304) 757.6551

OTHER:
Agency: United States Department of Agriculture
Contact: Tracey Rowan
Position: Area Director
Phone: (304) 284-4860

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: $ ____

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

____ To Escrow Trustee $ ____
____ To Issuer $ ____
____ To Cons. Invest. Func $ ____
____ To Other: ____ $ ____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2013 E Reserve Account. The first payment into the Reserve Account will commence 24 months following the date hereof.

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

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Ave.
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/27/2013

ISSUE: Putnam Public Service District
Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture)

ADDRESS: Post Office Box 860, Scott Depot, West Virginia 25560 COUNTY: Putnam

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/27/2013
CLOSING DATE: 6/27/2013
ISSUE AMOUNT: $1,500,000.00
RATE: 3.375%
1ST DEBT SERVICE DUE: N/A
1ST PRINCIPAL DUE: N/A
1ST DEBT SERVICE AMOUNT N/A
PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank: Putnam County Bank
Contact: Jerry Brown
Phone: 304.562.9931

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Mike McNutly
Position: General Manager
Phone: (304) 757.6551

OTHER:
Agency: United States Department of Agriculture
Contact: Tracey Rowan
Position: Area Director
Phone: (304) 284-4860

DEPOSITS TO MBC AT CLOSE
By: Wire
Check

Accrued Interest: $
Capitalized Interest: $
Reserve Account: $
Other: $

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

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

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2013 F Reserve Account. The first payment into the Reserve Account will commence 24 months following the date hereof.

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

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313 CHARLESTON, WV 25301-3713

Telephone (304) 558-2981

PERMIT

(Sewer)
PROJECT: 2009 Sewer Project **PERMIT NO.:** 18,969

LOCATION: Teays Valley **COUNTY:** Putnam **DATE:** 2-8-2012

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

Putnam Public Service District
P.O. Box 860
Scott Depot, WV 25560

is hereby granted approval to: install approximately 6,122 LF of 6", 87,658 LF of 8" and 14,458 LF of 10" sewer line; approximately 3,608 LF of 1 ¼ ", 1,995 LF of 2", 1,068 LF of 4" and 6,280 LF of 8" force mains; two (2) 400 GPM duplex sewage lift stations; one (1) 99 GPM duplex sewage lift station, one (1) 45.5 GPM duplex sewage lift station; one (1) 37 GPM duplex sewage lift station; one (1) 32 GPM duplex sewage lift station; upgrade the Kanawha River #2 sewage pump station to a 120 GPM duplex station and the Scary Creek #6 sewage pump station to a 1,032 GPM duplex station; five (5) E-1 pump stations; and necessary manholes & cleanouts.

Facilities are to serve **210** new customers along WV Route 33 just west of WV Route 817 to Rocky Step Road; **474** customers along Rocky Step Road and Kilgore Road; and **52** new customers along Route 66 between Sam's Fork Road and Ryder Creek Road. The project will also include the replacement of the existing sewage collection system in the Marina Park Mobile Home community and rehabilitation of existing manholes in Lexington Estates.

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:snj

pc: ✓E. L. Robinson Engineering Co.
Jefferson Brady, P.E., DEP
Ingrid Ferrell, PSC-Engineering Division
Amy Swann, PSC
Putnam County Health Department
OEHS-EED St. Albans District Office

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Putnam Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Putnam Public Service District**
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWELVE MILLION NINE HUNDRED THIRTY THOUSAND AND XX / 100 DOLLARS (12,930,000.00)

pursuant to the provisions of **Chapter 16 Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.

17. To accept a grant in an amount not to exceed _____

under the terms offered by the Government; that _____

and **Chairman** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board of Directors** of the **Putnam Public Service District** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 26th day of MAY, 2011

Putnam Public Service District

(SEAL) (if applicable)

By [signature]

Attest: [signature]

Title Chairman, PPSD

Title Secretary, PPSD

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as __Chairman_____ of the _Putnam Public Service District___ hereby certify that the ___Board of Directors_____ of such Association is composed of __3____ members, of whom ____3____ constituting a quorum were present at a meeting thereof duty called and held on the _26th__ day of ___May.,_2011__; and that the foregoing resolution was adopted at such meeting by the vote shown above. I further certify that as of _June 27, 2013_____, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this ____25th_____ day of _June__, _2013__

Title _____Chairman_____

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Putnam Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Putnam Public Service District**
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

FIVE HUNDRED SIXTY-FOUR THOUSAND EIGHT HUNDRED AND XX / 100 DOLLARS (564,800.00)

pursuant to the provisions of **Chapter 16 Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the pur-

17. To accept a grant in an amount not to exceed _____

under the terms offered by the Government; that _____

and **Chairman** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board of Directors** of the **Putnam Public Service District** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 26 day of May, 2011

Putnam Public Service District

(SEAL) (if applicable)

By _____

Attest:

Title _____

_____

Title _____

CERTIFICATION TO BE EXECUTED AT LOAN

I, the undersigned, as _____ of the **Putnam Public Service District**

hereby certify that the **Board of Directors** of such Association is composed of

_____ member, of whom_____ constituting a quorum, were present at a meeting thereof duly called and

held on the _____ day of _____, _____ that the foregoing resolution was adopted at such meeting

by the vote shown above. I further certify that as of _____,

the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been

Dated, this _____ day of _____.

_____

of **Putnam Public Service District**

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Putnam Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Putnam Public Service District**
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE MILLION TWO HUNDRED FORTY-ONE THOUSAND AND XX / 100 DOLLARS (1,241,000.00)

pursuant to the provisions of **Chapter 16 Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed _____

under the terms offered by the Government; that _____

and **Chairman** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board of Directors** of the **Putnam Public Service District** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 27 day of June, 2012

Putnam Public Service District

(SEAL) (if applicable)

By [signature]

Title CHAIRMAN

Attest: [signature]

Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as __Chairman_____ of the _Putnam Public Service District___ hereby certify that the ___Board of Directors_____ of such Association is composed of __3____ members, of whom ____3____ constituting a quorum were present at a meeting thereof duty called and held on the _27th__ day of ___June.,_2012__; and that the foregoing resolution was adopted at such meeting by the vote shown above. I further certify that as of _June 27, 2013_____, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this ____25th_____ day of _June__, _2013__

_____

Title _____Chairman_____

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Putnam Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Putnam Public Service District**
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE MILLION FIVE HUNDRED THOUSAND AND XX / 100 DOLLARS (1,500,000.00)

pursuant to the provisions of **Chapter 16 Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed _____

under the terms offered by the Government; that _____

and **Chairman** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board of Directors** of the **Putnam Public Service District** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 27 day of June, 2012

Putnam Public Service District

(SEAL) (if applicable)

By [signature]

Title CHAIRMAN

Attest: Paul D. Callahan

Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as __Chairman_____ of the _Putnam Public Service District___ hereby certify that the ___Board of Directors_____ of such Association is composed of __3____ members, of whom ____3____ constituting a quorum were present at a meeting thereof duty called and held on the _27th__ day of ___June.,_2012__; and that the foregoing resolution was adopted at such meeting by the vote shown above. I further certify that as of _June 27, 2013_____, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this ____25th_____ day of _June__, _2013__

_____

Title _____Chairman_____

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 26th day of January 2010.

CASE NO. 09-1979-PSD-PC

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

Petition for consent and approval to enter into an Agreement for Design and Construction Assistance with the United States Department of the Army (Corps of Engineers) which will provide $400,000 in grant funds for a proposed sewer extension project in the Route 33, Kilgore and Rocky Step Roads, and Route 60 areas.

COMMISSION ORDER

The Commission approves the Agreement for Design and Construction Assistance.

BACKGROUND

On November 24, 2009, Putnam Public Service District ("District") filed a petition for Commission approval to enter into a Design and Construction Assistance Agreement ("Agreement") with the United States Department of the Army, Corps of Engineers ("Corps"). The proposed Agreement defines the duties of each party in relation to the proposed sewer project and sets forth terms for acceptance of grant funds from the Corps.

On December 29, 2009, Commission Staff filed its Initial and Final Joint Staff Memorandum recommending the Commission approve (i) the Agreement without approving the specific terms and conditions, and (ii) acceptance of the $400,000 grant from the Corps.

DISCUSSION

Under W.Va. Code §16-13A-24, the district may accept a grant for the construction or acquisition of a water, wastewater or sewage system, but the District must receive Commission approval to accept the grant. The Commission agrees with the Staff recommendation and will therefore allow the District to accept the grant.

Pursuant to W.Va. Code §24-2-12(f), a public utility must also receive Commission

approval before entering into a contract or arrangement for financial services. That approval is conditioned on: (1) the terms and conditions of the transaction being reasonable; (2) the transaction not giving one party an undue advantage over another; and (e) the public not being adversely affected.

The Commission finds that the Agreement meets the statutory requirements. The Agreement appears reasonable without giving one party an undue advantage, there will be no adverse affect on District customers or the public. The Commission takes this opportunity to caution the District that this order is not consent for other aspects of the project including engineering services nor does the Commission grant a certificate of convenience and necessity at this time.

FINDINGS OF FACT

1. The District has requested Commission consent to enter into an Agreement with the Corps.

2. The District has requested Commission consent to accept a grant, pursuant to W.Va. Code §§16-13A-24 and 16-13A-25.

3. Staff recommends approval of the requests of the District.

CONCLUSIONS OF LAW

1. It is reasonable for the Commission to grant its prior consent for the District to enter into the Agreement without approving the specific terms and conditions.

2. It is reasonable for the Commission to grant its prior consent for the District to accept the grant.

ORDER

IT IS THEREFORE ORDERED that the Commission grants its prior consent for the Putnam Public Service District to enter into a Design and Construction Assistance Agreement with the United States Department of the Army, Corps of Engineers, without approving the specific terms and conditions in the Agreement.

IT IS THEREFORE ORDERED that the Commission grants its prior consent for the Putnam Public Service District to accept a $400,000 grant from the United States Department of the Army, Corps of Engineers.

IT IS FURTHER ORDERED that on entry of this Order, this case shall be removed from the Commission docket of open cases.

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

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

LHG/ldd
091979c.wpd

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Putnam County Bank, Hurricane, West Virginia (the "Bank"), hereby certify that on June 27, 2013, the Bank received automated transfers totaling $529,555.08 and on June 28, 2013, the Bank received a $100,000 automated transfer for a total of $629,555.08 to the credit of the Series 2013 Construction Trust Fund, Account Number 1515305, for the Series 2013 Bonds.

WITNESS my signature on this 28th day of June, 2013.

PUTNAM COUNTY BANK

By: J. R. Wilson
Its: Authorized Officer

J. R. Wilson, President

847280.00019

5862369

WEST VIRGINIA
Water Development Authority
Celebrating 37 Years of Service ***1974 - 2013***

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Bassett & Lowe, the independent certified public accountants and the opinions 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 (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013,issued in the original aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (iii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013,issued in the original aggregate principal amount of $564,800 (the "Series 2013 D Bonds"); (iv) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013,issued in the original aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds"); and (v) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013,issued in the original aggregate principal amount of $1,500,000 (the "Series 2013 F 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:

(1) Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000;

(2) Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000;

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

(3) Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000;

(4) Sewer Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000;

(5) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,000; and

(6) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), dated October 29, 2009, issued in the original aggregate principal amount of $1,050,500 (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller

Authorized Representative

847280.00019

USDA
United States Department of Agriculture

Rural Development

West Virginia State Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

June 27, 2013

Putnam Public Service District
Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present Holder of the RUS Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the (i) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal of $6,000,000 (the "Series 2013 B Bonds"); (ii) Sewer Revenue Bonds, Series 2013 C (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $6,930,000 (the "Series 2013 C Bonds"); (iii) Sewer Revenue Bonds, Series 2013 D (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $564,800 (the "Series 2013 D Bonds"); (iv) Sewer Revenue Bonds, Series 2013 E (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $1,241,000 (the "Series 2013 E Bonds"); and (v) Sewer Revenue Bonds, Series 2013 F (United States Department of Agriculture), dated June 27, 2013, issued in the original aggregate principal amount of $1,500,000 (the "Series 2013 F Bonds"), (collectively, the "Series 2013 Bonds"), by Putnam Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2013 Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Outstanding:

(1) Sewer Revenue Bond, Series 1975, dated October 23, 1975, issued in the original aggregate principal amount of $605,000;

(2) Sewer Revenue Bond, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000;

(3) Sewer Revenue Bond, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000;

(4) Sewer Revenue Bond, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000;

(5) Sewer Revenue Bonds, Series 2006 A, dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000;

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

(6) Sewer Revenue Bonds, Series 2006 B, dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000;

(7) Sewer Revenue Bonds, Series 2009 A, dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (collectively, the "Prior Bonds");

and (b) waives the coverage requirements imposed by the RUS Bonds or the resolutions authorizing the RUS Bonds regarding the issuance of parity bonds which are not met by the Series 2013 Bonds or the Resolution.

WITNESSETH my signature on this 27th day of June, 2013.

for Susan L Neuromer
State Director

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **June 27, 2013**

Re: **Putnam Public Service District**
Sewer Revenue Bonds, Series 2013 B;
Sewer Revenue Bonds, Series 2013 C;
Sewer Revenue Bonds, Series 2013 D;
Sewer Revenue Bonds, Series 2013 E; and
Sewer Revenue Bonds, Series 2013 F
(United States Department of Agriculture)

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1. DISBURSEMENTS TO THE PUTNAM PUBLIC SERVICE DISTRICT

A.

Payor:	United States Department of Agriculture
Source:	Series 2013 B Bond Proceeds
Amount:	$100,000
Form:	ACH
Payee:	Putnam Public Service District, 107 South Poplar Fork Road, Scott Depot, West Virginia
Bank:	Putnam County Bank
Contact:	Jerry Brown, 304.562.9931
Acct. No.:	1515305
ABA:	051502858
Account:	Series 2013 Bonds Construction Trust Fund

B.

Payor:	United States Department of Agriculture
Source:	Series 2013 C Bond Proceeds
Amount:	$100,000
Form:	ACH
Payee:	Putnam Public Service District, 107 South Poplar Fork Road, Scott Depot, West Virginia
Bank:	Putnam County Bank
Contact:	Jerry Brown, 304.562.9931
Acct. No.:	1515305
ABA:	051502858
Account:	Series 2013 Bonds Construction Trust Fund

C.

Payor:	United States Department of Agriculture
Source:	Series 2013 D Bond Proceeds
Amount:	$100,000
Form:	ACH
Payee:	Putnam Public Service District, 107 South Poplar Fork Road, Scott Depot, West Virginia
Bank:	Putnam County Bank
Contact:	Jerry Brown, 304.562.9931
Acct. No.:	1515305
ABA:	051502858
Account:	Series 2013 Bonds Construction Trust Fund

D.

Payor:	United States Department of Agriculture
Source:	Series 2013 E Bond Proceeds
Amount:	$100,000
Form:	ACH
Payee:	Putnam Public Service District, 107 South Poplar Fork Road, Scott Depot, West Virginia
Bank:	Putnam County Bank
Contact:	Jerry Brown, 304.562.9931
Acct. No.:	1515305
ABA:	051502858
Account:	Series 2013 Bonds Construction Trust Fund

E.

Payor:	United States Department of Agriculture
Source:	Series 2013 F Bond Proceeds
Amount:	$229,555.08
Form:	ACH
Payee:	Putnam Public Service District, 107 South Poplar Fork Road, Scott Depot, West Virginia
Bank:	Putnam County Bank
Contact:	Jerry Brown, 304.562.9931
Acct. No.:	1515305
ABA:	051502858
Account:	Series 2013 Bonds Construction Trust Fund

RESOLUTION OF THE
PUTNAM PUBLIC SERVICE DISTRICT
APPROVING INVOICES RELATING TO SERVICES FOR THE SEWER SYSTEM IMPROVEMENT PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Putnam Public Service District, has reviewed the invoices attached in relation to the Project funded by the United States Department of Agriculture Loans (USDA) and US Army Corps of Engineers Grant (COE) and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED the Putnam Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	USDA	COE
Steptoe & Johnson	38,000.00	38,000.00	0.00
Putnam PSD	390,555.08	390,555.08	0.00
E.L. Robinson	201,000.00	201,000.00	0.00
			0.00
			0.00
			0.00
Total	629,555.08	629,555.08	0.00

ADOPTED BY the Putnam Public Service District on the 25th day of June, 2013.

By: _____
Its: Chairman

USDA-RD
Form RD 440-11

Clarification Enhancement Project
ESTIMATE # 1
ESTIMATE OF FUNDS NEEDED
FOR
30-Day Period Commencing

FORM APPROVED
OMB NO 0575-0015

Name of Borrower: **PUTNAM PUBLIC SERVICE DISTRICT**
P.O. BOX 860, SCOTT DEPOT, WV 25560

Items		Amount of Funds
Development		$0.00
Contract No. 1	$0.00	
Contract No. 2	$0.00	
Contract No. 3	$0.00	
Contract No. 4	$0.00	
Land and Rights-of-Way		$15,965.50
Legal Services		$47,437.86
Engineering Fees		$412,475.44
Interest		$0.00
Bond Counsel & Accounting		$48,762.00
Contingencies		$0.00
Other **Administration**		$104,914.28
TOTAL		**$629,555.08**

Prepared by **Putnam PSD**
Name of Borrower
By
Date **6/25/2013**
Approved by
RD County Supervisor/District Director
Date

Public reporting burden for this collection of information is estimated to average 1 hour per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information including suggestions for reducing this burden to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue S.W. Washington D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond unless a currently valid OMB control number is displayed.

OWR Permit Details

(1)OWR Permit	
PERMITTEE	PUTNAM PSD
DEP OFFICE	OWR
PERMIT ID	WV0028045
ISSUE/REISSUE DATE	05/16/12
EXPIRATION DATE	05/15/17
FACILITY NAME	Putnam PSD Hometown WWTP
DESCRIPTION	
No. of CUSTOMERS	9489
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	0.350000
AVERAGE FLOW(MGD)	
MAJOR FACILITY	N
EXTENSION DATE	

(3) County / Quad	
County: Putnam	Quad: BANCROFT
County: Putnam	Quad: HURRICANE
County: Putnam	Quad: SAINT ALBANS

(10) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default
IU03	Industrial Users(Pretreatment)
IU07	Industrial Users(Pretreatment)
IU06	Industrial Users(Pretreatment)
IU01	Industrial Users(Pretreatment)
IU04	Industrial Users(Pretreatment)
IU05	Industrial Users(Pretreatment)
001	Outlet
002	Outlet
S01	Sludge

(10) Permit Geography		
INSPECTABLE UNIT CODE:	001	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 32'20.0000"	

LONGITUDE:	81° 52'8.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	002	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 32'20.0000"	
LONGITUDE:	81° 52'8.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	ENTIRE	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 32'19.0000"	
LONGITUDE:	81° 52'9.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	IU01	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 26'47.0000"	
LONGITUDE:	82° 0'30.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	IU03	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 26'47.0000"	
LONGITUDE:	82° 0'30.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	IU04	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 32'19.0000"	
LONGITUDE:	81° 52'2.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	IU05	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 26'47.0000"	
LONGITUDE:	82° 0'30.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	IU06	Show Map
MAGISTERIAL DIST:		

NEAREST POST OFFICE:		
LATITUDE:	38° 26'50.0000"	
LONGITUDE:	81° 50'10.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	IU07	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 26'50.0000"	
LONGITUDE:	81° 50'10.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	S01	**Show Map**
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 32'19.0000"	
LONGITUDE:	81° 52'2.0000"	
COUNTY:	Putnam	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	

1975

EAST KANAWHA PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $605,000 SEWER REVENUE BOND, SERIES 1975, OF EAST KANAWHA PUBLIC SERVICE DISTRICT TO FINANCE PART OF THE COSTS OF CONSTRUCTION OF A SEWER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR FIXING AND COLLECTING RATES AND CHARGES FOR THE SERVICES OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; MAKING CONNECTION MANDATORY; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF EAST KANAWHA 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 Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. East Kanawha Public Service District is a public service district created pursuant to said Article 13A.

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

(A) East Kanawha Public Service District (herein called the "District"), in Putnam County, State of West Virginia, does not now have any public sewer system, and the inhabitants thereof urgently require such system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed and acquired a complete new sewer system of the District consisting of collection and _____ lines, treatment

plant and all necessary appurtenant facilities (hereinafter collectively called the "System"), 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 (herein called the "Board") of the District.

(C) It is necessary for the District to issue its revenue bond in the principal amount of $605,000 to finance part of the cost of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project as hereinafter defined is $2,361,590, of which $605,000 will be obtained from the proceeds of sale of the Bond herein authorized, $1,538,390 from a grant to the District by Environmental Protection Agency, a grant from The County Commission of Putnam County in the amount of $70,000, a Water Development Authority grant in the amount of $100,000, and a grant from the said State in the amount of $48,200.

(E) The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction and acquisition of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized by this resolution.

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

(G) There are not outstanding any unpaid obligations of the District which will have priority over or rank on a parity with the Bond authorized to be issued hereunder as to lien or source of and security for payment.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition

and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the Government, this resolution shall be deemed to be and shall constitute a contract between the District and the Government, and the covenants and agreements herein set forth to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

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

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the $605,000 Sewer Revenue Bond, Series 1975, No. 1, originally authorized to be issued pursuant to this resolution.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means Appalachian Engineering, Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means East Kanawha Public Service District of Putnam County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Facilities" or "sewer facilities" means all the facilities of the System and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements

thereto, and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

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

"Government" means United States Department of Agriculture, Farmers Home Administration, and any governmental successor thereof.

"Herein" means in this resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the owner of the Bond.

"Net Revenues" means the balance of the gross revenues, as defined herein, remaining after deduction only of operating expenses, as defined herein.

"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 District 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 practices, 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.

"Project" means the initial System, as described above in Section 1.02(B), to be constructed as herein provided and financed in part with the proceeds of sale of the Bond.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, 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 Board.

"System" means the complete waterworks of the District, including all sewer facilities owned by the District 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 additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the acquisition and construction provided for herein.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. Use of Sewer Facilities Mandatory. The mandatory use of the sewer facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare and the economy of the inhabitants of the District and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the sewer facilities. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding 300 feet, and reasonably accessible thereto, and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewage lines of such building or structure with the sewer facilities of the System within thirty days after completion of the Project if sewage will flow by gravity from such building or structure into the sewer facilities of the System, and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or

water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of the sewer facilities.

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this resolution, the Bond of the District, to be known as "Sewer Revenue Bond, Series 1975" is hereby authorized to be issued in the principal amount of not exceeding Six Hundred Five Thousand Dollars ($605,000) for the purpose of financing part of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and the Corporate seal of the District shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond 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 the District proof of his ownership thereof and complying with such other reasonable regulations

and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of the District.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith equally and ratably by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions of this resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

SEWER REVENUE BOND

EAST KANAWHA PUBLIC SERVICE DISTRICT

No. 1

$605,000 Date: _____

FOR VALUE RECEIVED, EAST KANAWHA PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Six Hundred Five Thousand Dollars ($605,000), plus interest on the unpaid principal balance at the rate of five per centum (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first 24 months after the date hereof, and $ 2,965, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to 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 reverse hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of 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 construction and acquisition of a sewer system (herein, with all additions, called 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.

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

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 Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home

Administration and to its future regulations not inconsistent with express provisions hereof.

EAST KANAWHA PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Hometown, West Virginia 25109
(City, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____ (Title)

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond and all moneys received under any construction loan or grant, except as may otherwise be provided in this Section, shall be deposited on receipt by the District in Bank of Buffalo, Eleanor, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC) in a special account heretofore created and designated as "East Kanawha Public Service District Sewerage System Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this resolution and in accordance with the provisions of any agreements between the District and lenders providing construction financing for the Project.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and transmit and pay to the National Finance Office, referred to in the Bond, such sums as shall be from time to time required to pay the monthly interest installments on the Bond as herein and in the Bond provided.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond and all moneys received under any construction loan or grant, except as may otherwise be provided in this Section, shall be deposited on receipt by the District in Bank of Buffalo, Eleanor, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC) in a special account heretofore created and designated as "East Kanawha Public Service District Sewerage System Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and transmit and pay to the National Finance Office, referred to in the Bond, such sums as shall be from time to time required to pay the monthly interest installments on the Bond as herein and in the Bond provided.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, and when all construction loans with respect to the Project have been repaid in full, including accrued interest, any balance remaining in the Project Construction Account shall first be used to refund promptly any overpayment made with respect to any Federal grant, and any moneys then remaining in the Project Construction Account shall be promptly transferred to and deposited in the Reserve Account and shall be used immediately to the extent feasible to prepay the latest maturing installments on the Bond, and any residue shall be retained in the Reserve Account.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account, hereinafter established, a sum sufficient to pay the entire principal of the Bond remaining unpaid together with interest accrued and to accrue thereon, the District further covenants with the holder of the Bond issued pursuant to this resolution 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 District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund (herein called the "Revenue Fund") is hereby established initially with the aforesaid Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this resolution.

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

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

(2) The District shall next, before the end of each month, transfer from the Revenue Fund and remit to the National Finance Office

costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall first be used to refund promptly any overpayment made with respect to any Federal grant, and any moneys then remaining in the Project Construction Account shall be promptly transferred to and deposited in the Reserve Account and shall be used immediately to the extent feasible to prepay the latest maturing installments on the Bond, and any residue shall be retained in the Reserve Account.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account, hereinafter established, a sum sufficient to pay the entire principal of the Bond remaining unpaid together with interest accrued and to accrue thereon, the District further covenants with the holder of the Bond issued pursuant to this resolution 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 District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund (herein called the "Revenue Fund") is hereby established initially with the aforesaid Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this resolution.

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

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

(2) The District shall next, before the end of each month, transfer from the Revenue Fund and remit to the National Finance Office

as designated in the Bond the amortization payment required by the Bond.

(3) The District shall next, each month, transfer from the Revenue Fund and deposit into the Reserve Account hereby established with said Bank one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Reserve Account equals such maximum annual aggregate amount of interest and principal. After such amount has been accumulated in the Reserve Account, the District shall monthly deposit in the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of the monthly amortization installment required, as shall be needed to maintain such amount in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency in the funds available to make the required monthly amortization installment payments or for mandatory prepayment of the Bond as hereinafter provided and for no other purpose.

(4) The District shall next, each month, transfer from the Revenue Fund all moneys remaining in the Revenue Fund and not permitted to be retained therein, and deposit such moneys in the Depreciation Reserve, hereby established with the said Bank, until there has been accumulated therein the sum of $50,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to restore to the Reserve Account any sum or sums transferred therefrom because of deficiency of revenues to meet monthly amortization installments. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extensions, replacements and improvements of the System, or any part thereof.

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

latest amortization installments on the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the remaining principal of the Bond and interest to the date of prepayment, it shall be the mandatory duty of the District, anything to the contrary in this resolution notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

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

If on any payment date the revenues are insufficient to place the required amount in any of the funds or accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to those which would otherwise be required to be made into the funds or accounts on the subsequent payment dates.

The District shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

(C) Initial Deposit in Revenue Fund. Prior to issuance of the Bond, the District shall have signed agreements with at least 360 bona fide users.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to pay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrua thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Government.

Section 4.02. Rates. The District 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 Bond and to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry

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

(b) Public Liability Insurance, with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $100,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $100,000 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.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 4.07. 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 at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bond or in this resolution, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding that covered in (A) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the District by the Government specifying such failure or violation and requiring the same to be remedied.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government 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 Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District 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 Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board 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 of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the

Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District 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 Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The District 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 District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. It is not reasonably expected that the proceeds of sale of the Bond will be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES BASED UPON WATER USED PER MONTH

First	2,500 gallons	$ 3.00 per 1000 gallons
Next	3,000 gallons	2.80 per 1000 gallons
Next	25,000 gallons	2.15 per 1000 gallons
All over	30,500 gallons	1.85 per 1000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than $7.50 a month.

For users not on a public water system, a flat rate schedule shall be provided, but the minimum flat rate shall not be less than $7.50.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within twenty days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

MULTIPLE OCCUPANCY

Each unit of apartment buildings and other multiple occupancy buildings shall be required to pay not less than the minimum monthly charge herein established. Motels and hotels shall pay on the basis of size of meter installed.

House trailer (mobile and immobile types) courts and parks shall have one sewer tap of adequate size and shall pay $6.00 multiplied by the number of units at the site on the monthly billing date or the minimum charge for the master meter or meters installed, whichever is greater.

House trailers, mobile and immobile, on sites other than a park or court shall be billed as any other family or business unit.

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. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District 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 District 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 District 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. No allowance or adjustment in any bill for use of the service and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

G. The District shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve,

equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

H. In case of emergency, the District shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the District.

I. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions of this resolution and the District shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but never less than 110% of the annual amount required to amortize the principal of and interest on the Bond.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, or sooner, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Modification or Amendment. No material modification or amendment of this resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Government.

Section 6.03. Award of Bond. The Bond is hereby awarded to the Government.

Section 6.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this resolution or the Bonds or coupons appertaining thereto.

Section 6.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflicts, hereby repealed.

Section 6.06. 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 6.07. Effective Time. This resolution shall take effect immediately upon its adoption.

Adopted October 23, 1975.

L R Nutknow
Chairman of Public Service Board

Gilbert D Baylor
Member

William F Kilgore
Member

EAST KANAWHA PUBLIC SERVICE DISTRICT

$605,000 Sewer Revenue Bonds,
Series 1975

BOND RESOLUTION

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SEWER REVENUE BOND

EAST KANAWHA PUBLIC SERVICE DISTRICT

No. 1

$605,000 Date: October 23, 1975

FOR VALUE RECEIVED, EAST KANAWHA PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Six Hundred Five Thousand Dollars ($605,000), plus interest on the unpaid principal balance at the rate of five per centum (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first 24 months after the date hereof, and $2,965, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to 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 reverse hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of 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 construction and acquisition of a sewer system (herein, with all additions, called 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.

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

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 Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

EAST KANAWHA PUBLIC SERVICE DISTRICT

_____

Chairman, Public Service Board

[CORPORATE SEAL]

Hometown
West Virginia 25109

ATTEST:

_____

Secretary, Public Service Board

1979

TEAYS VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1979

and

Bond and Grant Anticipation Notes

BOND RESOLUTION

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TEAYS VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $2,200,000 SEWER REVENUE BOND, SERIES 1979, BOND ANTICIPATION NOTES AND GRANT ANTICIPATION NOTES OF TEAYS VALLEY PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF A NEW SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND AND THE NOTES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF TEAYS VALLEY 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 Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Teays Valley Public Service District (the "Issuer") is a public service district 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 does not now have a public sewerage system.

(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 constructed a new sewerage system of the Issuer consisting of sewer mains and connecting lines, and lift stations, 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 construction and acquisition 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. The Issuer and the City of Hurricane have entered into an agreement dated June 28, 1978, pursuant to which said City will receive and treat sewage collected by the System, which agreement has been approved by the Public Service Commission of West Virginia.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $2,200,000 to finance a portion of the cost of such construction in the manner hereinafter provided and, prior to delivery of the Bond, it is necessary for the Issuer to issue its bond anticipation notes in the same principal amount and its grant anticipation notes in the principal amount shown in Section B-1.01. It is also necessary for the Issuer to enter into the Trust Agreement substantially in the form of Appendix A attached hereto, and the Chairman and the Secretary shall execute, acknowledge and deliver the Trust Agreement.

(D) The estimated maximum cost of the construction of the Project is $9,950,720, of which $2,200,000 will be obtained from the proceeds of sale of the Bond herein authorized, and the balance from a grant of $6,885,750 from Environmental Protection Agency, a grant of $100,000 from West Virginia Water Development Authority, a grant of $354,970 from Appalachian Regional Commission and a grant of $410,000 from the State of West Virginia.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

(G) There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond or the Notes as to lien and source of and security for payment.

(H) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The interim financing by the Notes shall also be so approved prior to delivery thereof.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser and of the Notes by the purchasers thereof, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser and the holders of the Notes, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond and for the holders of the Notes.

Section 1.04. Use of Sewer Facilities Mandatory. The mandatory use of the sewer facilities is essential and necessary for the protection and preservation of the public health, comfort,

safety, convenience and welfare and the economy of the inhabitants of the area served by the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the sewer facilities. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding 300 feet, and reasonably accessible thereto, and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewage lines of such building or structure with the sewer facilities of the System immediately upon completion of the Project if sewage will flow by gravity from such building or structure into such sewer facilities, and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of such sewer facilities.

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

Section 1.05. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

"BAN" means the Bond Anticipation Notes hereinafter provided for and any refunding bond anticipation note or notes hereafter issued.

"Bond" means the Sewer Revenue Bond, Series 1979, authorized hereby to be issued and also means and includes the BAN unless the context clearly would exclude the BAN.

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

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Milam Engineering, Inc., Dunbar 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.

"Issuer" means Teays Valley Public Service District, of Putnam County, West Virginia, and, where appropriate, also means the Governing Body.

"Facilities" or "sewer facilities" means all the tangible properties of the System and also any tangible properties which may

hereafter be added to the sewerage system by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

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

"GAN" means the Grant Anticipation Notes hereafter provided for and any refunding grant anticipation note or notes hereafter issued.

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

"Herein" means in this Bond Legislation.

"Holder of the Bond" or any similar term means any person who shall be the bearer or owner of the Bond and, unless the context clearly would exclude the BAN, also means the holders of the BAN.

"Issuer" means Teays Valley Public Service District and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Notes" means collectively the BAN and the GAN.

"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 practices, 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.

"Paying Agents" means paying agents selected by the Issuer for payment of the BAN and the GAN.

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

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"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 principles.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and includes the complete sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

"Trust Agreement" means the Trust Agreement dated June 19, 1979, between the Issuer and the Trustee securing the BAN and the GAN, the form of which is attached hereto as Appendix A.

"Trustee" means The Charleston National Bank, Charleston, West Virginia, and any successor trustee hereunder.

"Underwriters" means the purchasers of the BAN or the GAN, or both, directly from the Issuer.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE I A

BOND ANTICIPATION NOTES

Section 1.01 A. Authorization and General. In order to pay certain costs of the construction of the Project pending the delivery of the Bond to the Purchaser, bond anticipation notes ("BAN") of the Issuer shall be issued and sold in the amount of $2,200,000.

Each BAN shall be designated "Bond Anticipation Note," shall be dated on the date of delivery thereof, shall be numbered 1 upward, shall be in such denominations as the Governing Body shall determine by Bond Legislation supplemental hereto, shall be negotiable, in bearer form, shall bear interest from the date of delivery payable and at the rate or rates, shall mature, shall have such paying agents and shall have such other provisions as are not set forth herein as provided in such supplemental Bond Legislation. The BAN shall contain the provisions shown in the form of BAN set forth in Section 1.12 A below.

The BAN shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be impressed thereon and attested by the signature of the Secretary.

The BAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and Underwriters pursuant to such supplemental Bond Legislation.

Section 1.02 A. Deposit of BAN Proceeds. The amount received upon the sale of the BAN, less interest to become due until the maturity thereof, shall be deposited on receipt by or for the Issuer with the Trustee, a member of the Federal Deposit Insurance Corporation ("FDIC"), in the Project Construction Account established by Section 3.01 hereof; provided, that the Issuer may designate any other bank in West Virginia as Trustee if the above-named Trustee should refuse or be unable to serve.

The balance received from the proceeds from the sale of the BAN shall be for payment of the interest on the BAN as such interest becomes due, and shall be directly deposited on receipt by or for the Issuer with the Trustee in a special segregated account designated "Teays Valley Public Service District BAN Repayment Account," (the "BAN Repayment Account"), as more particularly described and upon the further terms and conditions of Section 1.06 A hereof.

Section 1.03 A. Security for the BAN. The BAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the obligation of the Purchaser to make the loan to the Issuer in the amount of $2,200,000 (the "Loan") by purchasing the Bond, (ii) the proceeds of the sale of the Bond when received from the Purchaser, (iii) all moneys and securities in the BAN Repayment Account, (iv) the proceeds from the sale of the BAN until expended as herein authorized, (v) the proceeds of sale of the BAN refunding notes, if any, and (vi) the Net Revenues of the System until payment of the BAN, and said pledge by the District for the benefit of the

holders of the BAN, to the extent of the aggregate principal amount of the BAN and the interest thereon, is hereby made and granted. The Issuer will execute such financing statements, security agreements and other documents that may be required to perfect such pledge and lien. The Trustee shall act as agent for the holders of the BAN in connection with the execution of all financing statements and other instruments necessary under applicable laws in order to fully perfect the interests of the holders of the BAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith. The BAN shall also be secured by a statutory mortgage lien on the System as provided in the Act.

Section 1.04 A. Payment of BAN. The Issuer will immediately deposit with the Trustee all proceeds from the sale of the Bond and of any refunding BAN to pay the BAN, to be placed by the Trustee directly into the BAN Repayment Account held by the Trustee. Upon maturity of the BAN, the Trustee will pay to the Paying Agents all principal and interest owing on the BAN.

Section 1.05 A. BAN Are Limited Obligations. The BAN shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the BAN, the principal of which is payable from the sources described in Section 1.03 A above, or, the principal of and interest on which are payable from the net revenues of the Issuer arising from ownership and operation of the System in the event that the Purchaser shall not purchase the Bond in accordance with its agreement to do so.

Section 1.06 A. Trustee; BAN Repayment Account. The Trustee shall segregate all funds and securities in the BAN Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the Issuer, including the Project Construction Account. All moneys in the BAN Repayment Account, until payment in full of all principal and interest owing on the BAN at maturity, shall be held by the Trustee for the holders of the BAN, and the District shall have no rights with respect thereto. All moneys in the BAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations") which Federal Obligations shall mature at least 1 day prior to need for the funds for payment of interest on or principal of the BAN. At or prior to any interest payment date and the maturity of the BAN, the Trustee shall transfer to the Paying Agents in immediately available funds the amount of interest or principal and interest owing on the BAN. Upon such transfer the Trustee shall pay to the Issuer any excess amounts remaining in the BAN Repayment Account, and the Issuer shall deposit any such amounts in the Project Construction Account. The Trustee is hereby authorized, upon payment of all principal and interest owing on the BAN, to execute UCC termination statements indicating the termination of the security interest of the holders of the BAN in the assets referred to in Section 1.03 A hereof.

The Issuer shall pay to the Trustee from time to time reasonable compensation for all services rendered by the Trustee under the Bond Legislation and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee in connection

with its performance of its functions hereunder. The Issuer shall from time to time have the right to appoint a successor Trustee provided that such successor Trustee be a bank or trust company or national banking association insured by the FDIC. The Trustee shall signify its acceptance of the duties and obligations hereby imposed by executing and delivering to the Issuer a written acceptance thereof.

Section 1.07 A. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association. The Underwriters shall pay to each Paying Agent from time to time reasonable compensation for all services rendered hereunder and all reasonable expenses, charges, counsel fees, and other disbursements incurred in connection with the performance of its obligations hereunder.

Section 1.08 A. Covenants. The Issuer agrees that until payment in full of the principal and interest owing on the BAN when due, the covenants contained in Article IV for the benefit of the Purchaser shall inure to the benefit of the holders of the BAN.

In addition, the Issuer covenants to issue and sell the Bond to the Purchaser not later than one business day before the maturity of the BAN and to take all actions necessary to cause the Purchaser to purchase the Bond on or before such date, payment for the Bond to be in Federal funds available on date of the Bond delivery.

Section 1.09 A. Refunding BAN. The Issuer covenants that in the event the Bond is not issued and sold not later than one day prior to the due date of the BAN, it will use its best efforts to sell one or more series of its Bond Anticipation Refunding Notes hereunder in such aggregate amount as shall be necessary to pay the principal of the BAN, accrued interest thereon to maturity and the expense of issuing the Bond Anticipation Refunding Notes. The proceeds of the Bond Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the BAN Repayment Account and used solely for the payment of the principal of and accrued interest on the BAN.

All Bond Anticipation Refunding Notes shall be in substantially the same form as the BAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental Bond Legislation authorizing such Bond Anticipation Refunding Notes.

Section 1.10 A. Events of Default and Enforcement. Each of the following events is hereby declared an "Event of Default": (a) failure to make timely payment of all principal and interest owing on the BAN at due date or maturity; and (b) failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer for the benefit of the holders of the BAN as hereinabove provided.

On the happening of any Event of Default, then, and in each such case, the holders of the BAN or any one or more of such holders shall be entitled to proceed against all assets pledged for payment of the BAN, and shall have and are hereby given all further rights and remedies as are granted hereby to the Purchaser. Each holder of a BAN shall be deemed to be a holder of the Bond upon such default.

In the event that the BAN are not paid when due, the interest rate on the BAN after maturity until payment thereof in full shall be 8% per annum, and the Issuer will pay the holders of the BAN not paid when due the principal amount of the BAN together with interest at the rate shown on the BAN from the date of the BAN until the due date thereof, and plus interest on the principal of the BAN at the rate of 8% per annum from the due date of the BAN until payment thereof in full.

Section 1.11 A. Defeasance of BAN. Upon deposit by the Issuer with the Trustee of moneys sufficient to pay the BAN at maturity or of Federal Obligations, the principal of and interest on which will be sufficient to pay the BAN at maturity, the BAN shall be considered to have been paid in full pursuant hereto except at provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the BAN shall, upon such deposit, be entitled to payment of the BAN and the interest thereon at maturity solely from the moneys and securities then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the BAN, and shall be applied solely to the payment of the BAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof. All moneys and securities remaining on deposit with the Trustee at the close of business on the earlier of (A) the expiration of six months after the latest maturity date of the BAN issued hereunder or (B) the date on which all BAN have been paid in full, shall be released to the Issuer upon its written request and the Trustee shall have no further obligation in respect of the payment of such BAN and thereafter the holder of any BAN shall look to the Issuer for payment.

Section 1.12 A. Supplemental Bond Legislation. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in Section 1.01 A, the Issuer, if it be so advised, will adopt Supplemental Bond Legislation, which Supplemental Bond Legislation will provide, among other things, award of the BAN, the interest rate or rates on the BAN, the interest payment dates, the maturity date and the sale price of the BAN and such other matters as shall be required or desired in connection with issuance of the BAN.

Section 1.13 A. Form of BAN. The BAN shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution of the BAN:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TEAYS VALLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE
SERIES 1979

No. $25,000

TEAYS VALLEY PUBLIC SERVICE DISTRICT, a public service district in Putnam County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of TWENTY-FIVE THOUSAND, DOLLARS ($25,000), without option of prior redemption, on September 15, 1980, with interest at the rate of _____ per cent (%) per year payable at maturity. Both principal and interest are payable in lawful money of the United States of America at the principal office of The Charleston National Bank, Charleston, West Virginia, or at the option of the holder, at The Chase Manhattan Bank, N. A., New York, New York.

This Note is one of a series of Notes in the aggregate principal amount of $2,200,000 duly authorized by the Issuer and issued in anticipation of the issuance of the Sewer Revenue Bond, Series 1979 (the "Bond"), of the Issuer in the principal sum of $2,200,000 for aiding in the construction of a new public sewerage system (the "System") of the Issuer.

Farmers Home Administration of the United States Department of Agriculture has agreed to purchase the Bond at least one day prior to the due date of the issue of Notes of which this Note is one.

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of sale of the Bond and certain proceeds, if any, from the sale of refunding notes, and, if Farmers Home Administration should not purchase the Bond as agreed, from the net revenues of the System defined in the Resolution mentioned below. The proceeds of sale of the Bond and certain proceeds, if any, from the sale of the refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with said The Charleston National Bank, as Trustee.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the Notes and the Bond and certain proceeds from the sale of refunding notes and any other sources which may be provided by the Resolution authorizing issuance of the Notes and the Bond.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and a Supplemental Resolution of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A (the "Act").

The Act provides that the Notes of the issue of which this Note is one are exempt as to principal and interest from taxation by the State of West Virginia and the other taxing bodies of said State.

The Notes of the issue of which this Note is one further secured by the Trust Agreement referred to in said Resolution, between the Issuer and said Trustee, to which said Trust Agreement, Resolution and Supplemental Resolution reference is made for further description of the security for payment hereof, the rights of the holders of the Notes and the rights and obligations of the Issuer and the Trustee.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, TEAYS VALLEY PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated: June 19, 1980.

TEAYS VALLEY PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

_____
Secretary

ARTICLE I 8

GRANT ANTICIPATION NOTES AND GRANT PROCEEDS

Section 1.01 B. Authorization and General. In order to pay certain costs of the construction of the Project pending the receipt by the Issuer of grant funds from Environmental Protection Agency and Appalachian Regional Commission (collectively called "EPA"), Grant Anticipation Notes (GAN) of the Issuer shall be issued and sold in the aggregate principal amount of $4,550,000.

Each GAN shall be designated Sewerage System Grant Anticipation Note, Series 1979, shall be dated on the date of delivery thereof, shall be such denominations, shall be in negotiable, bearer form, shall bear interest from the date of delivery at the rate provided in the GAN Supplemental Bond Legislation hereinafter described, interest to be represented by coupons payable December 19, 1979, and June 19 and December 19, 1980, the GAN to mature not more than thirty months from such date of delivery, shall be numbered from one upward, may be payable at a New York City Bank if named in the GAN Supplemental Bond Legislation and at the principal office of the Trustee named below, as Paying Agents, at the option of the holder, and shall contain the provisions shown in the form of GAN set forth in Section 1.13 B below, substantially as therein set forth.

The GAN shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be affixed or imprinted thereon and attested by the signature of the Secretary. The interest coupons shall be signed by the facsimile signature of the Chairman.

The GAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and the Underwriters (the "Purchase Agreement") and shall be sold at the price to be provided in the GAN Supplemental Bond Legislation described in Section 1.12 B.

The GAN shall be subject to redemption prior to maturity as provided in the GAN Supplemental Bond Legislation.

Section 1.02 B. Deposit of GAN Proceeds. A portion of the proceeds received from the sale of the GAN to be specified in the Purchase Agreement shall be deposited on receipt by the District with the Trustee, in the Project Construction Account established by Section 3.01 hereof; provided, that the Issuer may designate any other bank in West Virginia as Trustee if the above-named Trustee should refuse or be unable to serve.

The balance of the proceeds from the sale of the GAN remaining after the deposit in the Project Construction Account provided above shall be directly deposited on receipt by the Issuer with the Trustee in a special segregated account designated as "Teays Valley Public Service District GAN Repayment Account," (the "GAN Repayment Account") as more particularly described in and upon the further terms and conditions of Section 1.06 B below.

Section 1.03 B. Security for the GAN. The GAN shall be secured by the pledge by the Issuer of and by a first lien on (i)

the grant moneys, except the first moneys received by or for the Issuer to an aggregate sum of $2,690,720, pursuant to the commitment of EPA to make the grant to the Issuer in the amount of $6,885,750 and the commitment of Appalachian Regional Commission to make a grant to the Issuer in the amount of $354,970 (both grants herein collectively called the "EPA Grant"), (ii) all moneys and securities in the GAN Repayment Account, (iii) the proceeds of sale of the GAN refunding notes, if any, and (iv) all GAN proceeds and investment earnings thereon in the Project Construction Account until expended in accordance with the Trust Agreement and (v) any other funds arising from grants or gifts lawfully available for the purpose, and said pledge by the Issuer for the benefit of the holders of the GAN to the extent of the aggregate principal amount of the GAN and the interest thereon, is hereby made and granted. The Issuer will execute such financing statements, security agreements and other documents that may be required to perfect such pledge and lien. The Trustee shall act as agent for the holders of the GAN in connection with the execution of all Financing Statements and other instruments necessary under applicable laws in order to fully perfect the interests of the holders of the GAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith.

Section 1.04 B. Payment of GAN; Grant Proceeds. The Issuer will immediately, upon receipt, deposit with the Trustee all proceeds of the EPA Grant received by the Issuer in excess of the sum of $2,690,720, and the net proceeds of any GAN refunding notes to be applied to the payment of the GAN pursuant to Section 1.08 B hereof, to be placed by the Trustee directly into the GAN Repayment Account held by the Trustee. Upon maturity or redemption of the GAN, the Trustee will pay to the Paying Agents all principal and interest then due on the GAN and the charges of the Trustee and the Paying Agents.

Section 1.05 B. GAN Are Limited Obligations. The GAN shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the GAN, the principal of which is payable from the sources described in Section 1.03 B above.

Section 1.06 B. Trustee; GAN Repayment Account. The Trustee shall segregate all funds and securities in the GAN Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the Issuer, including the Project Construction Account. All moneys in the GAN Repayment Account, until payment in full of all principal and interest owing on the GAN at their maturity, shall be held by the Trustee for the holders of the GAN, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the GAN and the interest thereon and the charges of the Trustee. All moneys in the GAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations") which Federal Obligations shall mature at least 1 day prior to the maturity of the GAN. At or prior to the maturity or any redemption date of the GAN, the Trustee shall transfer to the Paying Agents in immediately available funds the total principal of and interest then owing on the GAN. The Trustee

is hereby authorized, upon such payment of all principal and interest owing on the GAN, to execute UCC termination statements indicating the termination of the security interest of the holders of the GAN in the assets referred to in Section 1.03 B above.

The Issuer shall pay to the Trustee from time to time reasonable compensation for all services rendered by the Trustee hereunder and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee in connection with its performance of its functions hereunder. The Issuer shall from time to time have the right to appoint a successor Trustee provided that such successor Trustee be a bank or trust company or national banking association having corporate trust powers and insured by the FDIC. The Trustee shall signify its acceptance of the duties and obligations imposed hereby by executing and delivering to the Issuer a written acceptance thereof.

Section 1.07 B. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association. The Underwriters shall pay to any Paying Agent in New York City from time to time reasonable compensation for all services rendered hereunder and all reasonable expenses, charges, counsel fees, and other disbursements incurred in connection with the performance of its obligations hereunder.

Section 1.08 B. Covenants. The Issuer covenants and agrees that, until payment in full of the principal and interest owing on the GAN at maturity, it will meet, abide by and comply with all conditions, terms and duties imposed upon the Issuer in connection with the EPA Grant to the end that the Issuer will at all times be fully entitled to receive the entire amount of the EPA Grant without delay.

The Issuer covenants to take all actions necessary to cause EPA to pay to it the amount of the EPA Grant, or portion thereof, required to pay the GAN not later than the day before the maturity of the GAN unless the Issuer shall have issued Grant Anticipation Refunding Notes pursuant to Section 1.09 B.

The Issuer covenants that upon receipt of all proceeds of the EPA Grant, it will disburse such proceeds in such manner as to provide for the defeasance of the GAN in accordance with the terms of Section 1.11 B hereof.

Section 1.09 B. Grant Anticipation Refunding Notes. The Issuer covenants that in the event the proceeds of the EPA Grant in a sum sufficient to pay the GAN should not be received in time to pay the GAN at maturity, it will use its best efforts to sell one or more series of its Grant Anticipation Refunding Notes hereunder in such aggregate amount as shall be necessary to pay the principal of the GAN, accrued interest thereon to maturity and the expense of issuing such Grant Anticipation Refunding Notes. The proceeds of the Grant Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the GAN Repayment Account and used solely for the payment of the principal of and accrued interest on the GAN.

All Grant Anticipation Refunding Notes shall be in substantially the same form as the GAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the Supplemental Bond Legislation authorizing such Grant Anticipation Refunding Notes.

Section 1.10 B. Events of Default and Enforcement. Each of the following events is hereby declared an "Event of Default": (a) failure to make timely payment of all principal and interest owing on the GAN at maturity; and (b) failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer for the benefit of the holders of the GAN as hereinabove provided.

Upon the happening of an Event of Default, the Issuer will use every legal means to eliminate such Event of Default.

Section 1.11 B. Defeasance of GAN. Upon deposit by the Issuer with the Trustee of moneys sufficient to pay the GAN at maturity, or of Federal Obligations, the principal of and interest on which will be sufficient to pay the GAN at maturity, the GAN shall be considered to have been paid in full pursuant hereto, except as provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the GAN shall, upon such deposit, be entitled to payment of the GAN and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the GAN, and shall be applied solely to the payment of GAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof. All moneys remaining on deposit with the Trustee at the close of business on the earlier of (A) the expiration of six months after the latest maturity date of the GAN issued hereunder or (B) the date on which all GAN have been paid in full, shall be released to the Issuer upon its written request and the Trustee shall have no further obligation in respect of the payment of such GAN, and thereafter the holder of any GAN shall look to the Issuer for payment.

Section 1.12 B. Supplemental Bond Legislation. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in Section 1.01 B, the Issuer, if it be so advised, will adopt Supplemental Bond Legislation approving the Purchase Agreement and ordering the issuance of the GAN pursuant hereto and to the Supplemental Bond Legislation, which Supplemental Bond Legislation will provide, among other things, the interest rate or rates on the GAN, the interest payment dates, the maturity date and the sale price of the GAN and such other matters as shall be required or desired in connection with issuance of the GAN.

Section 1.13 B. Form of GAN. The GAN shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution of the GAN:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TEAYS VALLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM GRANT ANTICIPATION NOTE
SERIES 1979

No. $25,000

TEAYS VALLEY PUBLIC SERVICE DISTRICT, a public service district in Putnam County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of TWENTY-FIVE THOUSAND DOLLARS ($25,000) with option of prior redemption, on December 19, 1980, with interest at the rate of _____ per cent (%) per year payable in lawful money of the United States of America at the principal office of The Charleston National Bank, Charleston, West Virginia, or at the option of the holder, at The Chase Manhattan Bank, N.A., New York, New York.

Interest hereon shall be paid December 19, 1979, June 19, 1980, and December 19, 1980, but only upon surrender of the attached interest coupons as they severally become due, subject to prior redemption hereof.

This Note is one of a series of Notes in the aggregate principal amount of $4,550,000 duly authorized by the Issuer and issued in anticipation of the receipt by the Issuer from the United States Environmental Protection Agency ("EPA") as disbursing agent for a grant by it in aid of construction of a new public sewerage system (the "System") of the Issuer, which grant has been committed in the sum of $6,885,750 and for a grant for the same purpose by Appalachian Regional Commission in the sum of $354,970 (both said grants herein collectively called the "Grant").

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of the Grant, except the first $2,690,720 thereof received by the Issuer and certain proceeds, if any, from the sale of refunding notes. The proceeds of the Grant except said first $2,690,720 thereof received by the Issuer, and certain proceeds, if any, from the sale of refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with said The Charleston National Bank, as Trustee.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the Grant except the first $2,690,720 thereof, received by the Issuer and certain proceeds from the sale of refunding notes and, with respect to interest hereon, certain of the proceeds of the Notes.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and a Supplemental Resolution of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A.

The Notes of the issue of which this Note is one are subject to mandatory redemption prior to maturity, in whole or in part, but if in part, by selection by lot by the Trustee, at a redemption price of the principal amount of the Notes to be redeemed and accrued interest to the date of redemption without premium, and shall be redeemed by the Issuer on June 19, 1980, to the extent that funds shall be available therefor.

Thirty days prior to June 19, 1980, the Trustee is required to make a determination of the amount of funds which are available for redemption of Notes. Immediately following such determination, the Trustee is required to select the Notes to be redeemed, if any. Notice of any such redemption shall be given by the Trustee by publication in a newspaper or financial journal of general circulation published and circulated in the City of New York, New York, not less than twenty days prior to the date fixed for redemption, stating the redemption price, the numbers of the Notes to be redeemed and the place or places where the payment of the redemption price will be made.

On the specified redemption date, provided that the Trustee shall have sufficient moneys for payment of the redemption price, all Notes so called for redemption shall cease to bear interest, the interest coupons appertaining thereto maturing after such date shall be void, such Notes shall no longer be secured by the Trust Agreement or otherwise, and such Notes and any coupons appertaining thereto shall no longer be considered as outstanding under the Trust Agreement.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, TEAYS VALLEY PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated: June 19, 1979.

TEAYS VALLEY PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

_____
Secretary

FORM OF COUPON

ON

_____

19___

(unless the note mentioned below be sooner redeemed or its redemption be provided for),

TEAYS VALLEY PUBLIC SERVICE DISTRICT $_____

will pay to the bearer, but solely from the sources pledged therefor, all as described in the Sewerage System Grant Anticipation Note, Series 1979, hereinafter mentioned, and upon presentation and surrender of this coupon at the principal office of The Charleston National Bank, Charleston, West Virginia, or at the option of the holder at the principal office of The Chase Manhattan Bank, N.A., New York, New York, the amount shown hereon in lawful money of the United States of America as provided in and being interest then due on its Sewerage System Grant Anticipation Note, Series 1979, dated June 19, 1979, NUMBERED _____

NO. _____

TEAYS VALLEY PUBLIC SERVICE DISTRICT

(Facsimile signature of B. M. HOFFMAN)
Chairman

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1979," is hereby authorized to be issued in the aggregate principal amount of not exceeding Two Million Two Hundred Thousand Dollars ($2,200,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be cancelled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond and BAN Secured by Pledge of Revenues. The payment of the debt service of the Bond and the BAN shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the BAN, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond and the BAN as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

SEWER REVENUE BOND, SERIES 1979

TEAYS VALLEY PUBLIC SERVICE DISTRICT

$2,200,000

No. I Date: _____

FOR VALUE RECEIVED, TEAYS VALLEY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Million Two Hundred Thousand Dollars ($2,200,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $10,802, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to 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 reverse hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of 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 construction and acquisition of a new sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers

Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

TEAYS VALLEY PUBLIC SERVICE DISTRICT
(Name of Borrower)

(CORPORATE SEAL)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 147
(P.O. Box No. or Street Address)

Scott Depot, West Virginia 25560
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $ _____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

NOTE PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Notes Proceeds; Project Construction Account. The proceeds of sale of the Notes, less the respective sums representing interest on the Notes to the respective maturities thereof, shall be deposited on receipt by the Issuer in The Charleston National Bank, Charleston, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Teays Valley Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sewer Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Sewer Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Sewer

Revenue Fund" is hereby established initially with The Teays Valley National Bank. The Sewer Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Sewer 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 Sewer Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Sewer Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Sewer Revenue Fund and deposit with the said Bank in the Sewer Reserve Fund hereby initially established with said Bank, 1/12 of 1/10 of the amount of principal and interest becoming due on the Bond in any year until the amount in the Sewer Reserve Fund equals the sum of $130,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Sewer Reserve Fund, the Issuer shall monthly deposit into the Sewer Reserve Fund such part of the moneys remaining in the Sewer Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Sewer Reserve Fund. Moneys in the Sewer Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Sewer Revenue Fund and deposit in the Sewer Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Sewer Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Sewer Depreciation Reserve the aggregate sum of $200,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Sewer Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Sewer Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Sewer Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Sewer Depreciation Reserve may be withdrawn by the Issuer and used for capital improvements extraordinary repairs and replacements of equipment and improvements for the System, or any part thereof.

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

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

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

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

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

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

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

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be 1,[illegible]00 bona fide users initially upon the System, and must obtain user agreements and a $25 tap fee from each [illegible] user and deposit in the Sewer Project Construction Account all such tap fees collected.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sewer Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bond and to make the payments required herein into the Sewer Reserve Fund and the Sewer Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims

for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Sewer Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $25,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 4.06. Statutory Mortgage. For the further protection of the holders of the Bond and the BAN, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the BAN.

Section 4.07. 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 at the date specified for payment thereof;

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

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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

Section 4.10. 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 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and

on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the BAN and the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions hereof:

RATES

SCHEDULE NO. 1

Applicability

Applicable inside and outside of the boundaries of the applicant District.

Availability

Available for metered domestic, commercial, and industrial sewer service, except unusual industrial waste.

Rate

Each 1,000 gallons used per month	$3.95 per 1,000 gallons
Minimum Bill	$7.90 per month

Delayed Payment Penalty

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

Multiple Occupancy

On apartment buildings, or other multiple occupancy buildings, including trailer courts (mobile or immobile), each family or business unit shall be required to pay not less than the minimum monthly charge herein established. Motels and hotels shall pay according to the amount of water used.

SCHEDULE NO. 2

Applicability

Applicable inside and outside the boundaries of the District.

Availability of Service

Available for sanitary sewer service to unmetered water users and users who obtain water from wells.

Flat Rate	$11.85 per month

Delayed Payment Penalty

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

SCHEDULE NO. 3

Applicability

Applicable inside and outside the boundaries of the District.

Service Connection Fee (A) - $25.00.

To apply to all users who apply for service before sewer line is completed adjacent to applicant's premises. After contractor passes said premises, Service Connection Fee (B) would be applicable.

Service Connection Fee (B) - $150.00.

To apply where an opening must be made by the District in said District's collector sewer, and service line laid from such opening to owner's property line.

SCHEDULE NO. 4

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

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

$$Ci = VoVi+BoBi+SoSi$$

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = volume of waste water from unusual users, in gallons per year

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound

Bi = weight of BOD from unusual users, in pounds per year

So = average unit costs of treatment (including slude treatment) chargeable to total solids, in dollars per pound

Si = weight of total solids from unusual users, in pounds per year

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

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

SCHEDULE NO. 5

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE TEAYS VALLEY PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the Teays Valley waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Teays Valley Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

TEAYS VALLEY PUBLIC SERVICE DISTRICT
SEWER

BALANCE SHEET - STATEMENT OF RECEIPTS AND DISBURSEMENTS
STATEMENT F

ASSETS	REFERENCE	
Construction Work in Progress	B-4	$324,254
Bank Accounts - May 15, 1978:		
Eligible		50,458
Ineligible		9,240
TOTAL BANK BALANCE		$ 59,698
TOTAL ASSETS		$383,952
LIABILITIES AND EQUITY		
Water Development Authority - 1% Loan		$115,235
Contributions in Aid of Construction	B-10	268,717
TOTAL LIABILITIES & EQUITY		$383,952

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

B. 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. When such fees, rates and charges have been delinquent for thirty days, the Issuer shall have power pursuant to the Act forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

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

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

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. 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 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted June 19, 1979.

Chairman of Public Service Board

Member

Member

(APPENDIX A ATTACHED)

SEWER REVENUE BOND, SERIES 1979

TEAYS VALLEY PUBLIC SERVICE DISTRICT

$2,200,000

No. 1 Date: September 12, 1980

FOR VALUE RECEIVED, TEAYS VALLEY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Million Two Hundred Thousand Dollars ($2,200,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $10,802, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to 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 reverse hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of 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 annutal 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 construction and acquisition of a new sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

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

TEAYS VALLEY PUBLIC SERVICE DISTRICT

_____
Chairman, Public Service Board

Post Office Box 147
Scott Depot, West Virginia 25560

[CORPORATE
SEAL]

ATTEST:

_____
Secretary, Public Service Board

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $ _____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

1995

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1995

BOND RESOLUTION

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $1,300,000 SEWER REVENUE BOND, SERIES 1995, OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING SEWER REVENUE BOND, SERIES 1979, AND SEWER REVENUE BOND, SERIES 1983, OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF 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 and 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 now has a public sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing sewerage facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements to and extensions of the existing sewerage facilities of the Issuer, consisting of a wastewater collection system to service approximately 315 customers in the Route 60 - Lake Washington area and 35 customers in the Sunnybrook area of Putnam County, West Virginia, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Issuer has entered into a sewage treatment contract with the City of Hurricane, pursuant to which the City will provide sewage treatment services to the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $4,381,860, of which $1,300,000 will be obtained from the proceeds of sale of the Bond herein authorized and $3,081,860 from a grant by the United States Environmental Protection Agency.

E. It is necessary for the Issuer to issue its sewer revenue bond in the principal amount of $1,300,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

G. There are outstanding two obligations of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, Series 1979 (the "1979 Bond"), dated September 12, 1980, issued in the original principal amount of $2,200,000, and the Sewer Revenue Bond, Series 1983 (the "1983 Bond"), dated August 1, 1983, issued in the original principal amount of $750,000, both held by the Purchaser (hereinafter defined). The 1979 Bond and the 1983 Bond are hereinafter collectively referred to as the "Prior Bonds".

Other than the Prior Bonds, there are no outstanding bonds or obligations which are secured by or payable from revenues or assets of the System.

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

H. It is in the best interest of the Issuer that the Bond be sold to the Purchaser (hereinafter defined), pursuant to the terms and provisions of a Letter of Conditions dated October 25, 1994, and all amendments thereto, if any (the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

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

Section 1.04. Definitions. Terms not otherwise defined herein shall have the same meanings as set forth in the Prior Resolutions when used 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" means the Sewer Revenue Bond, Series 1995, authorized hereby.

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

"Bonds" means, collectively, the Bond, the 1979 Bond and the 1983 Bond.

"1979 Bond" or "Series 1979 Bond" means the outstanding Sewer Revenue Bond, Series 1979, of the Issuer described in Section 1.02G hereof.

"1983 Bond" or "Series 1983 Bond" means the outstanding Sewer Revenue Bond, Series 1983, of the Issuer described in Section 1.02G hereof.

"Chairman" means the Chairman of the Governing Body.

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

"Depository Bank" means Putnam County Bank, Hurricane, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

"Issuer," "Borrower" or "District" means South Putnam Public Service District, in Putnam County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated October 25, 1994, and all amendments thereto, if any.

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

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

"Prior Bonds" means, collectively, the 1979 Bond and the 1983 Bond.

"Prior Resolutions" means, collectively, the 1979 Resolution and the 1983 Resolution.

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

"Purchaser" or "Government" means the United States of America, acting by the United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax

purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

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

"Resolutions" means, collectively, the 1979 Resolution, 1983 Resolution and the Bond Legislation.

"1979 Resolution" means the resolution of the Issuer adopted June 19, 1979, authorizing the 1979 Bond.

"1983 Resolution" means the resolution of the Issuer adopted June 8, 1982, authorizing the 1983 Bond.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the existing sewerage system of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $4,381,860, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1995," is hereby authorized to be issued in the aggregate principal amount of not exceeding $1,300,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 6% per annum, and shall be sold for the par value thereof.

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

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

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

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

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

hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration 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 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

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

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

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, on a parity with the liens and pledge of the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and

interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due as herein provided.

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

(FORM OF BOND)

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 1995

$1,300,000

No. R-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 ONE MILLION THREE HUNDRED THOUSAND DOLLARS ($1,300,000), plus interest on the unpaid principal balance at the rate of 6% 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 $7,254, 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 extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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

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

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

This Bond is on a parity as to liens, pledge and source of and security for payment from such revenues, and in all other respects, with the Prior Bonds, defined and described in the Resolution.

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
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 147
(P. O. Box No. or Street Address)

Scott Depot, West Virginia 25560-0147
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

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

Section 4.01. Establishment and Continuation of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the Prior Resolutions), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

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

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

(3) Depreciation Reserve (established by the Prior Resolutions and continued hereby); and

(4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt 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 Section 3.02 of the 1979 Resolution and Section 3.02 of the 1983 Resolution not otherwise modified herein.

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

(ii) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds (or such other place as may be provided pursuant to the Bonds), the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iii) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of

principal and interest becoming due on the Bonds in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iv) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $200,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

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

All the funds provided for in this Article (except the Project Construction Account) shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

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

Subject to the Prior Resolutions, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Reserve 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 in the Prior Resolutions or required by law, be valued at the lower of cost or the then-current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser and shall give such other notice as required under, and in the manner provided in, the Prior Resolutions.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 5,390 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

G. REMITTANCES. All remittances made by the Issuer to the Depository Bank or 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 Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

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

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

destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; provided however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

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

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

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond. The statutory mortgage lien of the Bond is on a parity with the statutory mortgage lien in favor of the holders of the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof; and

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

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

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

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and

maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

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

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

Section 5.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on May 1, 1995, Case No. 94-0429-PSD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

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

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

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

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

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

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

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: May 2, 1995.

Chairman of Public Service Board

Member

Member

04/27/95
SPSJ.A2
847280/94001

(SPECIMEN BOND)

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 1995

$1,300,000

No. R-1

Date: May 2, 1995

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 ONE MILLION THREE HUNDRED THOUSAND DOLLARS ($1,300,000), plus interest on the unpaid principal balance at the rate of 6% 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 $7,254, 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 extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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

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

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

This Bond is on a parity as to liens, pledge and source of and security for payment from such revenues, and in all other respects, with the Prior Bonds, defined and described in the Resolution.

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
P. O. Box 147
Scott Depot, West Virginia 25560-0147

ATTEST:

_____

Secretary, Public Service Board

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

2002 A
2002 B

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS,
SERIES 2002 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
AND SERIES 2002 B
(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN $7,078,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $1,422,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 and Chapter 22C, Article 2 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 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, improvements and betterments to the existing public sewerage system of the Issuer, consisting of extensions to the residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the Issuer's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the Issuer to meet the continual growth in the area, to provide sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nine area on the north side of the Kanawha River, development of a facilities plan with guidelines for the future development of the System and extensions to 50 additional customers in the Midway area of Putnam County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste (the existing public sewerage system of the Issuer, the Project and any further 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 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 Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all funds and accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $8,500,000 in two series, being the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), in the aggregate principal amount of not more than $7,078,000 (the "Series 2002 A Bonds"), and the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), in the aggregate principal amount of not more than $1,422,000 (the "Series 2002 B Bonds"), to permanently finance the costs of acquisition and construction of the Project (collectively, the "Series 2002 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2002 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter

defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (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 2002 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 2002 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2002 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and that its Series 2002 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection, State Revolving Fund Program (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge, source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000 (the "Series 1983 Bonds"), and (iii) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), all held by the Purchaser (hereinafter defined). The Series 1979 Bonds, the Series 1983 Bonds and the Series 1995 Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

The Series 2002 A Bonds and Series 2002 B Bonds shall be issued on a parity with each other and 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 2002 A Bonds and Series 2002 B Bonds, the Issuer will obtain the written consent of the holder of the Prior Bonds to the issuance of the Series 2002 A Bonds and Series 2002 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or

obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

H. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2002 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the DEP and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2002 Bonds or such final order will not be subject to appeal, including obtaining any additional approvals of the Public Service Commission as may be required by the final order.

I. 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 2002 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 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 2002 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 DEP under the Act.

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

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds for all or a portion of the proceeds of the Series 2002 A Bonds from the Purchaser and an exchange of the Series 2002 B Bonds for all or a portion of the proceeds of the Series 2002 B Bonds from the Authority and the DEP.

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

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

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

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means South Putnam Public Service District, a public service district and 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.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated December 26, 2001, and all amendments thereto, providing for the purchase of the Series 2002 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2002 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other

than those capitalized as part of the costs, the SRF 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 Expresses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2002 B Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Series 1979 Bonds, Series 1983 Bonds and Series 1995 Bonds, as more particularly described in Section 1.02(G) hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, as supplemented, authorizing the Series 1979 Bonds, the Series 1983 Bonds and the Series 1995 Bonds, respectively.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2002 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of States or public corporation and 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.

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions as the Depreciation Reserve and renamed and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2002 Bonds and the Prior Bonds.

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

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

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

"Series 2002 Bonds" means, collectively, the Series 2002 A Bonds and the Series 2002 B Bonds.

"Series 2002 Bonds Construction Trust Fund" means the Construction Trust Fund for the Series 2002 A Bonds and Series 2002 B Bonds established by Section 5.01 hereof.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established by Section 5.02 hereof.

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

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), of the Issuer, authorized by this Resolution .

"Series 2002 B Bonds Reserve Account" means the Series 2002 B Bonds Reserve Account established by Section 5.02 hereof.

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

"Series 2002 B Bonds Sinking Fund" means the Series 2002 B Bonds Sinking Fund established by Section 5.02 hereof.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of

local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2002 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete existing sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever, both within and without the Issuer.

"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.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $8,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the DEP.

The cost of the Project is estimated not to exceed $8,500,000, of which approximately $7,078,000 will be obtained from proceeds of the Series 2002 A Bonds, and approximately $1,422,000 will be obtained from proceeds of the Series 2002 B 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 2002 Bonds, funding reserve accounts for the Series 2002 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2002 A Bonds and the Series 2002 B Bonds of the Issuer. The Series 2002 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture)", in the principal amount of not more than $7,078,000; and the Series 2002 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program)", in the principal amount of not more than $1,422,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2002 Bonds, if any, shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2002 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2002 A Bond.

B. The Series 2002 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 quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2002 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 2002 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2002 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached representing the aggregate principal amount of the Series 2002 A Bonds and the Series 2002 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2002 B Bonds. The Series 2002 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 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 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2002 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2002 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2002 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 2002 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2002 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 2002 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 2002 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2002 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2002 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2002 B Bonds shall be conclusive evidence that such Series 2002 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002 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 2002 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2002 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 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 2002 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 Bonds remain outstanding, the Bond Registrar for the Series 2002 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2002 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not, in any event, be or constitute a corporate 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 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2002 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 to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. With respect to the Series 2002 A Bonds, the Chairman is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, as amended, to be delivered to the Purchaser on the date of delivery of the Series 2002 B Bonds.

B. The Issuer shall execute and deliver the Series 2002 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2002 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 B Bonds to the original purchasers;

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

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

(5) The unqualified approving opinion of bond counsel on the Series 2002 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 A Bonds and the Series 2002 B Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2002 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

Date: March 7, 2002

FOR VALUE RECEIVED, the SOUTH PUTNAM PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of SEVEN MILLION SEVENTY-EIGHT THOUSAND DOLLARS ($7,078,000), plus interest on the unpaid principal balance at the rate of 5.0% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $34,470, 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 acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute a corporate indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on March 5, 2002, and a Supplemental Resolution of the Borrower duly adopted on March 5, 2002, authorizing issuance of this Bond (collectively, the "Resolution ").

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

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000, (2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000, (3) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000, AND (4) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,422,000.

IN WITNESS WHEREOF, the 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
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman
(Title of Executive Official)

Post Office Box 147
(P.O. Box No. or Street Address)

Scott Depot, West Virginia 25560
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In presence of:

_____

(FORM OF SERIES 2002 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $1,422,000

KNOW ALL MEN BY THESE PRESENTS: That the SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 TWENTY TWO THOUSAND DOLLARS ($1,422,000), 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 _____ 1, 200___, 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___, at the rate per annum as set forth in Exhibit B attached hereto. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on EXHIBIT B 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 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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

Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated _____, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on March 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 SERIES"), (3) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS"). THE SERIES 1979 BONDS, THE SERIES 1983 BONDS AND THE SERIES 1995 BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2002 A Bonds, the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the

Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 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 on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided that, so long as the Prior Bonds and the Series 2002 A Bonds are no longer outstanding and in the event there exists in the Series 2002 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 on a parity with the 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, the 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 March 7, 2002.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: March 7, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 2002 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2002 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule the form of the which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Renewal and Replacement Fund (resulting from the combination with the Depreciation Reserve established by the Prior Resolutions);

(3) Series 2002 Bonds Construction Trust Fund; and

(4) 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 2002 A Bonds Reserve Account;

(2) Series 2002 B Bonds Sinking Fund; and

(3) Series 2002 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, each month, transfer from the Revenue Fund and (i) on or before the due date of payment of each installment on the Prior Bonds, remit to the National Finance Office the amounts required by the Prior Resolutions to pay the interest on the Prior Bonds; (ii) remit to the National Finance Office, beginning on April 7, 2002 and continuing on the 7th day of each month thereafter, the amount required to pay the interest on the Series 2002 A Bonds; and (iii) on the first day of each month, commencing 3 months prior to the first date of payment of interest on the Series 2002 B Bonds, remit to the Commission for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2002 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 2002 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, transfer from the Revenue Fund and (i) on or before the due date of payment of each installment on the Prior Bonds, remit to the National Finance Office the amounts required by the Prior Resolutions to pay the principal of the Prior Bonds; (ii) remit to the National Finance Office, beginning March 7, 2004 and continuing on the 7th day of each month thereafter, the amount required to pay the principal of the Series 2002 A Bonds; and (iii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, remit to the Commission for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 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 2002 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 (i) remit to the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds, (ii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement until the amount in the Series 2002 A Bonds Reserve Account equals the Series 2002 A Bonds

Reserve Requirement; provided that, no further payments shall be made into the Series 2002 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 A Bonds Reserve Requirement; and (iii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 B Bonds Reserve Requirement, until the amount in the Series 2002 B Bonds Reserve Account equals the Series 2002 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; provided, that, as long as the Prior Bonds remain outstanding, the Issuer must accumulate in the Renewal and Replacement Fund the aggregate sum of $200,000 and maintain such sum therein and shall use the monies therein as provided by the Prior Resolution, except that any deficiencies in the debt service payments on the Series 2002 A Bonds and Series 2002 B Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2002 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2002 A Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose, except for

transfers to the Rebate Fund permitted hereunder. Whenever the monies in the Series 2002 A Bonds Reserve Account shall be sufficient to prepay the Series 2002 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2002 A Bonds accrued interest thereon to such prepayment date.

Monies in the Series 2002 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest on the Series 2002 B Bonds as the same shall become due. Monies in the Series 2002 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2002 B Bonds as the same shall come due, when other monies in the Series 2002 B Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder. Whenever the monies in the Series 2002 B Bonds Reserve Account shall be sufficient to prepay the Series 2002 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2002 B Bonds and accrued interest thereon to such prepayment date.

Except to the extent transferred to the Rebate Fund, all investment earnings on monies in the Series 2002 A Bonds Reserve Account (if fully funded), the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 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 2002 A Bonds and the Series 2002 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis..

Any withdrawals from the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2002 A Bonds Reserve Requirement or the Series 2002 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of

the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

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

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser, the Authority or the DEP at any time, the Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

Monies in the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account (except with respect to transfers to the Rebate Fund), shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, under the conditions and restrictions set forth herein.

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

consistent with the provisions of this Bond Legislation. 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 SRF Administrative Fee as set forth in the Loan Agreement.

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

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

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

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

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

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

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

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 2002 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 A Bonds, there shall be deposited with the Commission in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 A Bonds Reserve Account.

B. From the proceeds of the Series 2002 B Bonds, there shall be deposited with the Commission in the Series 2002 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2002 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2002 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2002 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2002 B Bonds shall be expended as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. Monies in the Series 2002 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2002 Bonds Construction Trust Fund 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

installment payments on the Series 2002 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

When 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 2002 Bonds Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2002 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the Series 2002 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2002 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 2002 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 2002 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all the Series 2002 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 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 2002 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. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered February 25, 2002, in Case No. 01-0597-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and Series 2002 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System

and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2002 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds and Series 2002 Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the DEP, 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 2002 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2002 B Bonds, immediately be remitted to the Commission for deposit in the Series 2002 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the DEP, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest on the Series 2002 Bonds. Any balance remaining after the payment of all the Series 2002 Bonds and interest thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

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

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

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 Bonds pursuant to this Bond Legislation, without the prior written consent of the Purchaser, the Authority and the DEP 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 2002 Bonds.

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

So long as the Prior Bonds and the Series 2002 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 and the Series 2002 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds and the Series 2002 A Bonds are no longer outstanding, the following parity requirement shall be met:

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from 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 2002 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 2002 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring,

constructing and installing the Project. The Issuer shall permit the Purchaser, the Authority and the DEP or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Purchaser, the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002 Bonds and shall submit said report to the Purchaser, the Authority and the DEP, or any other original purchaser of the Series 2002 Bonds. Such audit report submitted to the Purchaser, the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2002 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and

continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 Bonds, including the Prior Bonds; provided that, so long as the Prior Bonds and the Series 2002 A Bonds are no longer outstanding, and in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2002 B 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 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 B Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser, the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Purchaser, the Authority and the DEP, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the DEP, the Authority and 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 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the

Loan Agreement and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Purchaser, the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Purchaser, the Authority, the DEP 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 SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the

System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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 DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or

building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

Section 7.19. 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 2002 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 2002 Bonds during the term thereof is, under the terms of the Series 2002 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 2002 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 2002 Bonds during the term thereof is, under the terms of the Series 2002 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 2002 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 2002 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 the lesser of 5% of the Net Proceeds of the Series 2002 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 2002 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 2002 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 2002 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 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 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 2002 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser and the DEP for written approval. The Issuer shall obtain the written approval of the Purchaser and the DEP before expending any proceeds of the Series 2002 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the DEP before expending any proceeds of the Series 2002 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

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

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

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

Section 8.02. 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 2002 Bonds which would cause the Series 2002 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2002 Bonds) so that the interest on the Series 2002 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 2002 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2002 B 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 the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from

the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2002 B Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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.

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 2002 B 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 2002 B 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 2002 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 2002 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 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond;

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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2002 Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2002 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 2002 A Bonds and the Series 2002 B Bonds shall be on a parity with each other and the Prior Bonds.

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 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 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 2002 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest on the Series 2002 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 2002 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2002 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2002 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2002 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 2002 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 2002 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be

applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47); and provided that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Resolutions or any portion thereof are Outstanding.

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

Section 11.07. 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 District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2002 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2002 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 5th day of March, 2002.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of the SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 5th day of March, 2002.

Dated: March 7, 2002.

[SEAL]

Secretary

03/04/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

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

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2002 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2002 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2002 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of the South Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution on March 5, 2002 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE

THAN $7,078,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $1,422,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) and Series 2002 B (West Virginia SRF Program Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2002 A Bonds" and the "Series 2002 B Bonds"), in the respective aggregate principal amounts not to exceed $7,078,000 and $1,422,000, and has authorized the execution and delivery of the Loan Agreement relating to the Series 2002 B Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 2002 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the

Series 2002 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE SOUTH 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 following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of $7,078,000. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 5.0% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2002 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $34,470 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2002 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2002 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2002 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,422,000. The Series 2002 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2023, and shall bear interest at the rate of two percent (2%) per annum. The principal of and interest on Series 2002 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and maturing June 1, 2023, 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 2002 B Bonds. The Series 2002 B Bonds shall be subject to redemption upon the

written consent of the Authority and the DEP, 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 2002 B Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2002 Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

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

Section 3. The Issuer does hereby authorize, 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 Board and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued on the Series 2002 B Bonds, provided that the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2002 B Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2002 B 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. All proceeds of the Series 2002 A Bonds shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2002 A Bonds.

Section 8. Series 2002 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2002 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 B Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2002 B Bonds shall be deposited in or credited to the Series 2002 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 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 Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2002 A Bonds may be delivered on or about March 7, 2002, to the Purchaser pursuant to the Letter of Conditions, and the Series 2002 B Bonds may be delivered on or about March 7, 2002, to the Authority pursuant to the Loan Agreement.

Section 12. 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 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 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 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Series 2002 B 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 2002 B 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 2002 B 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 15. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of March, 2002.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the South Putnam Public Service District on this 5th day of March, 2002.

Dated: March 7, 2002.

[SEAL]

Secretary

03/04/02
847280.00001

CH497528.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 Date: March 7, 2002

FOR VALUE RECEIVED, the SOUTH PUTNAM PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of SEVEN MILLION SEVENTY-EIGHT THOUSAND DOLLARS ($7,078,000), plus interest on the unpaid principal balance at the rate of 5.0% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $34,470, 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 acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute a corporate indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond.

Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on March 5, 2002, and a Supplemental Resolution of the Borrower duly adopted on March 5, 2002, authorizing issuance of this Bond (collectively, the "Resolution ").

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

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000, THE SEWER REVENUE BOND, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000, THE SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000, AND THE SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,422,000.

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$327,588.48	March 7, 2002	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In presence of:

_____

03/01/02
847280.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $1,422,000

KNOW ALL MEN BY THESE PRESENTS: That the SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 TWENTY TWO THOUSAND DOLLARS ($1,422,000), 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 September 1, 2003, 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 September 1, 2003, at the rate per annum as set forth in Exhibit B attached hereto. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, as set forth on EXHIBIT B 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 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions

prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated February 19, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on March 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1982 BONDS"), (3) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS"). THE SERIES 1979 BONDS, THE SERIES 1983 BONDS AND THE SERIES 1995 BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2002 A Bonds, the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor

shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 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 on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided that, so long as the Prior Bonds and the Series 2002 A Bonds are no longer outstanding and in the event there exists in the Series 2002 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 on a parity with the 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$852,695.00	March 7, 2002	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

South Putnam PSD (West Virginia)

Loan of $1,422,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: March 7, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2002	-	-	-	-
9/01/2002	-	-	-	-
12/01/2002	-	-	-	-
3/01/2003	-	-	-	-
6/01/2003	-	-	-	-
9/01/2003	14,500.00	2.000%	7,110.00	21,610.00
12/01/2003	14,573.00	2.000%	7,037.50	21,610.50
3/01/2004	14,646.00	2.000%	6,964.64	21,610.64
6/01/2004	14,719.00	2.000%	6,891.41	21,610.41
9/01/2004	14,792.00	2.000%	6,817.81	21,609.81
12/01/2004	14,866.00	2.000%	6,743.85	21,609.85
3/01/2005	14,941.00	2.000%	6,669.52	21,610.52
6/01/2005	15,015.00	2.000%	6,594.82	21,609.82
9/01/2005	15,090.00	2.000%	6,519.74	21,609.74
12/01/2005	15,166.00	2.000%	6,444.29	21,610.29
3/01/2006	15,242.00	2.000%	6,368.46	21,610.46
6/01/2006	15,318.00	2.000%	6,292.25	21,610.25
9/01/2006	15,395.00	2.000%	6,215.66	21,610.66
12/01/2006	15,471.00	2.000%	6,138.69	21,609.69
3/01/2007	15,549.00	2.000%	6,061.33	21,610.33
6/01/2007	15,627.00	2.000%	5,983.59	21,610.59
9/01/2007	15,705.00	2.000%	5,905.45	21,610.45
12/01/2007	15,783.00	2.000%	5,826.93	21,609.93
3/01/2008	15,862.00	2.000%	5,748.01	21,610.01
6/01/2008	15,941.00	2.000%	5,668.70	21,609.70
9/01/2008	16,021.00	2.000%	5,589.00	21,610.00
12/01/2008	16,101.00	2.000%	5,508.89	21,609.89
3/01/2009	16,182.00	2.000%	5,428.39	21,610.39
6/01/2009	16,263.00	2.000%	5,347.48	21,610.48
9/01/2009	16,344.00	2.000%	5,266.16	21,610.16
12/01/2009	16,426.00	2.000%	5,184.44	21,610.44
3/01/2010	16,508.00	2.000%	5,102.31	21,610.31
6/01/2010	16,590.00	2.000%	5,019.77	21,609.77
9/01/2010	16,673.00	2.000%	4,936.82	21,609.82
12/01/2010	16,757.00	2.000%	4,853.46	21,610.46
3/01/2011	16,841.00	2.000%	4,769.67	21,610.67
6/01/2011	16,925.00	2.000%	4,685.47	21,610.47
9/01/2011	17,009.00	2.000%	4,600.84	21,609.84
12/01/2011	17,094.00	2.000%	4,515.80	21,609.80
3/01/2012	17,180.00	2.000%	4,430.33	21,610.33
6/01/2012	17,266.00	2.000%	4,344.43	21,610.43
9/01/2012	17,352.00	2.000%	4,258.10	21,610.10
12/01/2012	17,439.00	2.000%	4,171.34	21,610.34
3/01/2013	17,526.00	2.000%	4,084.14	21,610.14
6/01/2013	17,614.00	2.000%	3,996.51	21,610.51
9/01/2013	17,702.00	2.000%	3,908.44	21,610.44
12/01/2013	17,790.00	2.000%	3,819.93	21,609.93

South Putnam PSD (West Virginia)

Loan of $1,422,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: March 7, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2014	17,879.00	2.000%	3,730.98	21,609.98
6/01/2014	17,969.00	2.000%	3,641.59	21,610.59
9/01/2014	18,058.00	2.000%	3,551.74	21,609.74
12/01/2014	18,149.00	2.000%	3,461.45	21,610.45
3/01/2015	18,239.00	2.000%	3,370.71	21,609.71
6/01/2015	18,331.00	2.000%	3,279.51	21,610.51
9/01/2015	18,422.00	2.000%	3,187.86	21,609.86
12/01/2015	18,514.00	2.000%	3,095.75	21,609.75
3/01/2016	18,607.00	2.000%	3,003.18	21,610.18
6/01/2016	18,700.00	2.000%	2,910.14	21,610.14
9/01/2016	18,794.00	2.000%	2,816.64	21,610.64
12/01/2016	18,887.00	2.000%	2,722.67	21,609.67
3/01/2017	18,982.00	2.000%	2,628.24	21,610.24
6/01/2017	19,077.00	2.000%	2,533.33	21,610.33
9/01/2017	19,172.00	2.000%	2,437.94	21,609.94
12/01/2017	19,268.00	2.000%	2,342.08	21,610.08
3/01/2018	19,364.00	2.000%	2,245.74	21,609.74
6/01/2018	19,461.00	2.000%	2,148.92	21,609.92
9/01/2018	19,559.00	2.000%	2,051.62	21,610.62
12/01/2018	19,656.00	2.000%	1,953.82	21,609.82
3/01/2019	19,755.00	2.000%	1,855.54	21,610.54
6/01/2019	19,853.00	2.000%	1,756.77	21,609.77
9/01/2019	19,953.00	2.000%	1,657.50	21,610.50
12/01/2019	20,052.00	2.000%	1,557.74	21,609.74
3/01/2020	20,153.00	2.000%	1,457.48	21,610.48
6/01/2020	20,253.00	2.000%	1,356.71	21,609.71
9/01/2020	20,355.00	2.000%	1,255.45	21,610.45
12/01/2020	20,457.00	2.000%	1,153.67	21,610.67
3/01/2021	20,559.00	2.000%	1,051.39	21,610.39
6/01/2021	20,662.00	2.000%	948.59	21,610.59
9/01/2021	20,765.00	2.000%	845.28	21,610.28
12/01/2021	20,869.00	2.000%	741.46	21,610.46
3/01/2022	20,973.00	2.000%	637.11	21,610.11
6/01/2022	21,078.00	2.000%	532.25	21,610.25
9/01/2022	21,183.00	2.000%	426.86	21,609.86
12/01/2022	21,289.00	2.000%	320.94	21,609.94
3/01/2023	21,396.00	2.000%	214.50	21,610.50
6/01/2023	21,503.00	2.000%	107.52	21,610.52
Total	**1,422,000.00**	**-**	**306,815.04**	**1,728,815.04** *

*Plus $1,917.60 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $153,408.

South Putnam PSD (West Virginia)

Loan of $1,422,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: March 7, 2002

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Accrued Interest from 03/07/2002 to 03/07/2002	(35,076.00)
Bond Year Dollars	$17,094.54
Average Life	12.021 Years
Average Coupon	1.7948127%
Net Interest Cost (NIC)	1.7948127%
True Interest Cost (TIC)	2.0085027%
Bond Yield for Arbitrage Purposes	2.0085027%
All Inclusive Cost (AIC)	2.8923591%

IRS FORM 8038

Net Interest Cost	2.0000010%
Weighted Average Maturity	12.021 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

03/04/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2006 A and
Sewer Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

CONFORMED BOND RESOLUTION

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT
CONFORMED RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN $4,946,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $2,104,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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 sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing sewerage facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing sewerage facilities of the Issuer, consisting of approximately 39,500 feet of various sizes of gravity sewer lines, approximately 28,000 feet of various sizes of force mains, one force main crossing of the Kanawha River near Nitro, appoximately 196 sewer manholes, twelve smaller sized "grinder" type sewage pumping stations, various connections with existing systems, and surface restoration items, 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 sewerage facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $7,050,000 of which $4,946,000 will be obtained from the proceeds of sale of the Series 2006 A Bonds, and $2,104,000 will be obtained from the proceeds of sale of the Series 2006 B Bonds, both herein authorized.

E. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds") and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), in the aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds," and collectively with the Series 2006 A Bonds, the "Series 2006 Bonds"), to finance the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property

rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000 (the "Series 1983 Bonds"), (iii) Sewer Revenue Bonds, Series 1993, dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (v) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds), and (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregated principal amount of $1,422,000 (the "Series 2002 B Bonds"). The Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, and the Series 2002 B Bonds are sometimes hereinafter collectively referred to as 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.

H. It is in the best interest of the Issuer that the Series 2006 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 15, 2004, respectively, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2006 Bonds, or will have so complied prior to issuance of the Series 2006 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 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 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 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 S & S Engineers, Inc., Charleston, 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 "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

"Issuer," "Borrower" or "District" means 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 Letters of Conditions of the Purchaser dated June 15, 2004, respectively, 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 or the Series 2006 B 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 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, and the Series 2002 B Bonds.

"Prior Bonds Reserve Accounts" means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Resolutions.

"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 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.

"RUS Bonds" means the (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000, (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000, (iii) Sewer Revenue Bonds, Series 1993, dated March 30, 1993, issued in the original aggregate principal amount of $267,000, and the (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000.

"Secretary" means the Secretary of the Governing Body.

"Series 2006 Bonds" means, collectively, the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2006 Bonds Reserve Account" means collectively, the Series 2006 A Bonds Reserve Account and the Series 2006 Bonds Reserve Account.

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

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

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 REFUNDING 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 $7,050,000, 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 2006 Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2006 Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture)" and "Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amounts $4,946,000 and $2,104,000, respectively, for the purpose of financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2006 A Bonds shall be issued in single form, numbered AR-1 and the Series 2006 B Bonds shall be issued in single form, numbered BR-1, each only as fully registered Bonds, and shall be dated the date of delivery thereof. The Series 2006 Bonds shall bear interest from the date of delivery, each payable monthly at the rate of 4.375% per annum, and shall be sold for the par value thereof.

The Series 2006 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 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 Bonds, and the right to principal of and stated interest on the Series 2006 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 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 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 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2006 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 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2006 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 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2006 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 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 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 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 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 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 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 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 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 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 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 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 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
SEWER 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 _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 _____, 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 SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 B, DATED _____, 2006 (THE "SERIES 2006 B BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____.

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.

[Remainder of Page Intentionally Left Blank]

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 $_____

CH807614.3

(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:

_____

CH807614.3

(FORM OF BOND)

UNITED STATES OF AMERICA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2006 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. BR-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 _____% 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 herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 _____, 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 SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 A, DATED _____, 2006 (THE "SERIES 2006 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____.

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.

[Remainder of Page Intentionally Left Blank]

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 $_____

CMB07624.3

(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);

(3) Series 2006 A Bonds Project Construction Account; and

(4) Series 2006 B 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; and

(2) Series 2006 B Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Accounts. 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 proceeds of the sale of the Series 2006 B Bonds shall be deposited upon receipt by the Issuer in the Series 2006 B Bonds Project Construction Account. The monies in the Series 2006 A Bonds Project Construction Account and Series 2006 B 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 and Series 2006 B 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 and Series 2006 B 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 Bonds Project Construction Account and Series 2006 B 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 Bonds, respectively, 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 Series 2006 A Bonds Project Construction Account and Series 2006 B 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 or Series 2006 B 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 or Series 2006 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account or Series 2006 B Bonds Reserve Account, respectively, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 A Bonds or Series 2006 B Bonds, as applicable, remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 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 or the National Finance Office, as applicable, the amounts required by the Prior Resolutions to first pay interest and then pay principal on the Prior Bonds; and (ii) the National Finance Office, the amounts required to pay the interest on the Series 2006 Bonds and to amortize the principal of the Series 2006 Bonds over the life of each respective Bond issue. All payments with respect to principal of and interest on the Series 2006 Bonds and the Prior Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission or the Depository Bank, as applicable, the amounts required by the Prior Resolutions to be deposited in the Prior Bonds Reserve Accounts; (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; and (iii) 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 B Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2006 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 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 Minimum Reserve. Monies in the respective Series 2006 Bonds Reserve Accounts shall be used solely to make up any deficiency for the respective monthly payments of the principal of and interest on the Series 2006 Bonds to the National Finance

Office as the same shall become due or for prepayment of installments on the respective Series 2006 Bonds, or for mandatory prepayment of the respective Series 2006 Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in each Series 2006 Bonds Reserve Account, so long as the respective 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; provided, that, as long as the RUS Bonds remain outstanding, the Issuer must accumulate in the Renewal and Replacement Fund the aggregate sum of $200,000 and maintain such sum therein and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2006 A Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. 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 of the respective Prior Bonds Resolutions. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(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.

Whenever the money in the Series 2006 B Bonds Reserve Account shall be sufficient to prepay the Series 2006 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2006 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 A Bonds Reserve Account and Series 2006 B Bonds Reserve Account. All amounts required for the respective Series 2006 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 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 Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2006 A Bonds Reserve Account and the Series 2006 B Bonds Reserve Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds, Series 2006 B Bonds and the interest thereon, on a parity with the Prior Bonds.

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 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 respective Series 2006 A Bonds Reserve Account and Series 2006 B 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 respective Series 2006 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 Bonds, provide evidence that there will be at least 7923 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 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the respective Series 2006 Bonds Reserve Accounts, sums sufficient to prepay the entire principal of the respective Series 2006 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 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 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 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. 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 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.

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

(1) The Bonds 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 Purchaser.

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 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 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 Bonds.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in 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 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 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 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 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 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 Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2006 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 Bonds are outstanding.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on December 4, 2005, Case No. 05-1146-PSD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2006 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 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 Bonds, the Issuer may not defease the Series 2006 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 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 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 HeadingsThe 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
847280.00005

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2006 A and
Sewer Revenue Bonds, Series 2006 B
(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 ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN $4,946,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $2,104,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; 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 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
847280.00005

EXHIBIT A

CONFORMED BOND RESOLUTION

(See Tab No. 1)

SPECIMEN

UNITED STATES OF AMERICA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2006 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$4,946,000

No. AR-1

Date: May 12, 2006

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 FOUR MILLION NINE HUNDRED FORTY-SIX THOUSAND DOLLARS ($4,946,000), plus interest on the unpaid principal balance at the rate of 4.375% 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 $22,307, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 B, DATED MAY 12, 2006 (THE "SERIES 2006 B BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000.

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.

[Remainder of Page Intentionally Left Blank]

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]

SPECIMEN

Chairman, Public Service Board

ATTEST:

SPECIMEN

Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 135,486.25	May 12, 2006	(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:

_____

04.25.06
847280.00005

SPECIMEN

UNITED STATES OF AMERICA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2006 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,104,000

No. AR-1

Date: May 12, 2006

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 TWO MILLION ONE HUNDRED FOUR THOUSAND DOLLARS ($2,104,000), plus interest on the unpaid principal balance at the rate of 4.375% 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 $9,490, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 A, DATED MAY 12, 2006 (THE "SERIES 2006 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000.

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.

[Remainder of Page Intentionally Left Blank]

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]

SPECIMEN

Chairman, Public Service Board

ATTEST:

SPECIMEN

Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 332,832.73	May 12, 2006	(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:

_____

04.25.06
847280.00005

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE 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 $2,330,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Putnam Public Service District (the "Issuer") is a public service district and 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, improvements and betterments to the existing public sewerage system of the Issuer, consisting of Sewer extension to serve approximately eighty additional customers between Red House and Hometown, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste (the existing public sewerage system of the Issuer, the Project and any further 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 Infrastructure Fund pursuant to the Act.

D. 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 Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all funds and accounts and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $2,330,000 (the "Series 2007 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 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 any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 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 2007 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 20 years.

G. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of $750,000 (the "Series 1983 Bonds"), (iv) 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"), (v) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (vi) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds), (vii) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (viii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000, and (ix) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000. The Series 1975 Bonds, the Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds." The Prior Bonds are payable from and secured by Net Revenues of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment being the Sewerage System Bond Anticipation Notes Series 2005 A (West Virginia

Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000 (the "Prior Notes").

The Series 2007 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 2007 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) obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 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 revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order.

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 2007 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 A Bonds, or

any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer, or any other 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 or entity 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 this Bond Legislation or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2007 A 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.

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds for all or a portion of the proceeds of the Series 2007 A Bonds from the Authority and the Council.

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

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

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

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

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

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

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

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

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

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

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means Putnam Public Service District, a public service district and 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 Agreement" means the Loan Agreement heretofore entered, or to be entered, into among the Issuer, the Authority and the Council, providing for the purchase of the Series 2007 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2007 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other

than those capitalized as part of the costs, fees and expenses of 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 Expresses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2007 A Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1975 Bonds, Series 1979 Bonds, Series 1983 Bonds, Series 1993 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds and Series 2006 B Bonds, as more particularly described in Section 1.02(H) hereof.

"Prior Notes" means the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, as supplemented, authorizing the Series 1975 Bonds, the Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, respectively.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of States or public corporation and 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.

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the reserve account established for the Series 2007 A Bonds and the Prior Bonds.

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

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

"RUS Bonds" means the (i) Sewer Revenue Bonds, Series 1975, (ii) Sewer Revenue Bonds, Series 1979, (iii) Sewer Revenue Bonds, Series 1983, (iv) Sewer Revenue Bonds, Series 1995,(v) Sewer Revenue Bonds, Series 2002 A, (vi) Sewer Revenue Bonds, Series 2006 A, and (vii) Sewer Revenue Bonds, Series 2006 B.

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

"Series 1975 Bonds" means the Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) dated October 23, 1975 issued in the aggregate principal amount of $605,000.

"Series 1979 Bonds" means the Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture) dated September 12, 1980 issued in the aggregate principal amount of $2,200,000.

"Series 1983 Bonds" means the Sewer Revenue Bonds, Series 1983 (United States Department of Agriculture) dated August 1, 1983 issued in the aggregate principal amount of $750,000.

"Series 1993 Bonds" means the Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authrity) dated March 30, 1993 issued in the aggregate principal amount of $267,000.

"Series 1995 Bonds" means the Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture) dated May 2, 1995 issued in the aggregate principal amount of $1,300,000.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) dated March 7, 2002 issued in the aggregate principal amount of $7,078,000.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) dated March 7, 2002 issued in the aggregate principal amount of $1,422,000.

"Series 2006 A Bonds" means the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) dated May 12, 2006 issued in the aggregate principal amount of $4,946,000.

"Series 2006 B Bonds" means the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) dated May 12, 2006 issued in the aggregate principal amount of $2,104,000.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2007 A Bonds Construction Trust Fund" means the Construction Trust Fund for the Series 2007 A Bonds established by Section 5.01 hereof.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"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 authorizing the sale of the Series 2007 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete existing sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever, both within and without the Issuer.

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

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles. 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.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $2,529,197, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed $2,529,197, of which $2,330,000 will be obtained from proceeds of the Series 2007 A Bonds and $199,197 from a grant from the U.S. Army Corps of Engineers.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2007 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $2,330,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2007 A Bonds, if any, shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 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 2007 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds. The Series 2007 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, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2007 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 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2007 A Bonds shall be the bank to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2007 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 form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2007 A Bonds shall be conclusive evidence that such Series 2007 A Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 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 2007 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds remain outstanding, the Bond Registrar for the Series 2007 A Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2007 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2007 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2007 A 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 to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 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 2007 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 2007 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 2007 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,330,000

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2007, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 TWO MILLION THREE HUNDRED THIRTY THOUSAND DOLLARS ($2,330,000), 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 _____ 1, 200___, 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___, at the rate per annum as set forth in Exhibit B 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 Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and

between the Issuer and the Authority, on behalf of the Council, dated _____, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (I) SEWER REVENUE BONDS, SERIES 1975, DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (V) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS), (VII) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000, AND (IX) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000. THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1983 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002

B BONDS, THE SERIES 2006 A BONDS AND THE SERIES 2006 B BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided that, so long as the Prior Bonds are no longer outstanding and in the event there exists in the Series 2007 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 on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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 Left 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]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2007 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2007 A Bonds Construction Trust Fund; and

(4) 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 2007 A Bonds Sinking Fund; and

(2) Series 2007 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 provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (i) the Commission or the National Finance Office, as applicable, the amounts required by the Prior Resolutions to pay interest on the Prior Bonds; and (ii) remit to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of interest

on the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2007 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 2007 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.

(3) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (i) the Commission or the National Finance Office, as applicable, the amounts required by the Prior Resolutions to pay principal of the Prior Bonds; and (ii) remit to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the 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 simultaneously, transfer from the Revenue Fund and remit to (i) the Commission or the Depository Bank, as applicable, the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds, and (ii) the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement, until the amount in the Series 2007 A Bonds Reserve Account equals the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions, except that

any deficiencies in the debt service payments on the Series 2007 A Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2007 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2007 A Bonds as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2007 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, as applicable, be deposited in the Series 2007 A Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2007 A Bonds.

Any withdrawals from the Series 2007 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2007 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund, or the Series 2007 A Bonds Reserve Account when the

aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, if applicable, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2007 A Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund, and the Series 2007 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds, under the conditions and restrictions set forth herein.

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

C. The Issuer shall 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 payments with respect to the Series 2007 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.

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

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 Government Obligations or by other 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 herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

I. If the Issuer is subject to the rebate requirements of Section 148(f) of the Code and not exempted from such requirements, 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, as more fully described in Article VIII.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 A Bonds for the period commencing on the date of issuance of the Series 2007 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2007 A Bonds, there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2007 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be expended as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2007 A Bonds from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(2) 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;

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

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

Pending such application, monies in the Series 2007 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2007 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 Series 2007 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2007 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 2007 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2007 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all the Series 2007 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with lien on the Net Revenues in favor of the holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2007 A Bonds 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. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered January 26, 2007, in Case No. 06-0743-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and Series 2007 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums

set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2007 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority and the Council.

So long as the Series 2007 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund, 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 2007 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2007 A 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 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 the Issuer may then provide for the sale of such property. The proceeds of 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 shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such

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

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 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 RUS 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 RUS 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 2007 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 2007 A Bonds.

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

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

and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make

available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2007 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the Council with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2007 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds; provided that, in the event that an amount equal

to or in excess of the reserve requirement is on deposit in the Series 2007 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2007 A Bonds including 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 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds including Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the Council, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Council, the Authority and any Holder of any Bonds or anyone acting for and 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 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the

funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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 property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of either the System or the water system and will not restore such services of the 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.

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

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

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others

which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

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

requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the acquisition and construction of 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, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2007 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council

or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. 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 2007 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 2007 A Bonds during the term thereof is, under the terms of the Series 2007 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 2007 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 2007 A Bonds during the term thereof is, under the terms of the Series 2007 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 2007 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 2007 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 the lesser of 5% of the Net Proceeds of the Series 2007 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 2007 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 2007 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 2007 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 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 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 2007 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2007 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2007 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

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

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

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

Section 8.02. 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 2007 A Bonds which would cause the Series 2007 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2007 A Bonds) so that the interest on the Series 2007 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 2007 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2007 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 the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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.

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 2007 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 2007 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 2007 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2007 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond;

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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on the Series 2007 A Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the Series 2007 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 2007 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, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 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 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 2007 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2007 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 2007 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 2007 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 Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement; and provided that in the event of any conflict between this

Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

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

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Adopted this 22nd day of February, 2007.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of the PUTNAM PUBLIC SERVICE DISTRICT on the 22nd day of February, 2007.

Dated: March 19, 2007.

[SEAL]

Secretary

02.02.07
847280.00005

CH823463.3

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2007 A BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2007 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 February 22, 2007 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE 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 $2,330,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL

DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of the Series 2007 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2007 A Bonds"), in the aggregate principal amount of not to exceed $2,330,000, and has authorized the execution and delivery of the Loan Agreement relating to the Series 2007 A Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal 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 2007 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 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $2,330,000. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2028, and shall bear interest at the rate of three percent (3%) per annum. The principal of and interest on Series 2007 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, and maturing June 1, 2028 , 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 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 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 Council and the Authority. The price of the Series 2007 A Bonds shall be 100% of par value, there being no interest accrued on the Series 2007 A Bonds, provided that the proceeds of the Series 2007 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 2007 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 2007 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 2007 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2007 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2007 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2007 A Bonds shall be deposited in or credited to the Series 2007 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 2007 A Bonds may be delivered on or about March 19, 2007, 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 2007 A Bonds Sinking Fund and the Series 2007 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 2007 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 2007 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 2007 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 22nd day of February, 2007.

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 22nd day of February, 2007.

Dated: March 19, 2007.

[SEAL]

Secretary

02.09.07
847280.00005

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,330,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 19th day of March, 2007, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 TWO MILLION THREE HUNDRED THIRTY THOUSAND DOLLARS ($2,330,000), 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 September 1, 2008, 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 September 1, 2008, at the rate per annum as set forth in Exhibit B 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 Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated March 19, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on February 22, 2007, and a Supplemental Resolution duly adopted by the Issuer on February 22, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (I) SEWER REVENUE BONDS, SERIES 1975, DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 1983 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (V) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS), (VII) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000, AND (IX) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000. THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1983 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS AND THE SERIES 2006 B BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided that, so long as the Prior Bonds are no longer outstanding and in the event there exists in the Series 2007 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 on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of

issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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 Left 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]

Chairman

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 19, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SAMPLE

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$288,468	March 19, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Sources & Uses

Dated 03/19/2007 | Delivered 03/19/2007

Sources Of Funds	
Par Amount of Bonds	$2,330,000.00
Accrued Interest from 03/19/2007 to 03/19/2007	(83,880.00)
Total Sources	**$2,246,120.00**

Uses Of Funds	
Deposit to Debt Service Fund	(83,880.00)
Deposit to Project Construction Fund	2,330,000.00
Total Uses	**$2,246,120.00**

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	21,362.00	3.000%	17,475.00	38,837.00
12/01/2008	21,522.00	3.000%	17,314.79	38,836.79
03/01/2009	21,684.00	3.000%	17,153.37	38,837.37
06/01/2009	21,846.00	3.000%	16,990.74	38,836.74
09/01/2009	22,010.00	3.000%	16,826.90	38,836.90
12/01/2009	22,175.00	3.000%	16,661.82	38,836.82
03/01/2010	22,341.00	3.000%	16,495.51	38,836.51
06/01/2010	22,509.00	3.000%	16,327.95	38,836.95
09/01/2010	22,678.00	3.000%	16,159.13	38,837.13
12/01/2010	22,848.00	3.000%	15,989.05	38,837.05
03/01/2011	23,019.00	3.000%	15,817.69	38,836.69
06/01/2011	23,192.00	3.000%	15,645.05	38,837.05
09/01/2011	23,366.00	3.000%	15,471.11	38,837.11
12/01/2011	23,541.00	3.000%	15,295.86	38,836.86
03/01/2012	23,718.00	3.000%	15,119.30	38,837.30
06/01/2012	23,895.00	3.000%	14,941.42	38,836.42
09/01/2012	24,075.00	3.000%	14,762.21	38,837.21
12/01/2012	24,255.00	3.000%	14,581.64	38,836.64
03/01/2013	24,437.00	3.000%	14,399.73	38,836.73
06/01/2013	24,620.00	3.000%	14,216.45	38,836.45
09/01/2013	24,805.00	3.000%	14,031.80	38,836.80
12/01/2013	24,991.00	3.000%	13,845.77	38,836.77
03/01/2014	25,179.00	3.000%	13,658.33	38,837.33
06/01/2014	25,367.00	3.000%	13,469.49	38,836.49
09/01/2014	25,558.00	3.000%	13,279.24	38,837.24
12/01/2014	25,749.00	3.000%	13,087.55	38,836.55
03/01/2015	25,942.00	3.000%	12,894.44	38,836.44
06/01/2015	26,137.00	3.000%	12,699.87	38,836.87
09/01/2015	26,333.00	3.000%	12,503.84	38,836.84
12/01/2015	26,531.00	3.000%	12,306.35	38,837.35
03/01/2016	26,730.00	3.000%	12,107.36	38,837.36
06/01/2016	26,930.00	3.000%	11,906.89	38,836.89
09/01/2016	27,132.00	3.000%	11,704.91	38,836.91
12/01/2016	27,336.00	3.000%	11,501.42	38,837.42
03/01/2017	27,541.00	3.000%	11,296.40	38,837.40
06/01/2017	27,747.00	3.000%	11,089.85	38,836.85
09/01/2017	27,955.00	3.000%	10,881.74	38,836.74
12/01/2017	28,165.00	3.000%	10,672.08	38,837.08
03/01/2018	28,376.00	3.000%	10,460.84	38,836.84

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2018	28,589.00	3.000%	10,248.02	38,837.02
09/01/2018	28,803.00	3.000%	10,033.61	38,836.61
12/01/2018	29,019.00	3.000%	9,817.58	38,836.58
03/01/2019	29,237.00	3.000%	9,599.94	38,836.94
06/01/2019	29,456.00	3.000%	9,380.66	38,836.66
09/01/2019	29,677.00	3.000%	9,159.74	38,836.74
12/01/2019	29,900.00	3.000%	8,937.17	38,837.17
03/01/2020	30,124.00	3.000%	8,712.92	38,836.92
06/01/2020	30,350.00	3.000%	8,486.99	38,836.99
09/01/2020	30,578.00	3.000%	8,259.36	38,837.36
12/01/2020	30,807.00	3.000%	8,030.03	38,837.03
03/01/2021	31,038.00	3.000%	7,798.97	38,836.97
06/01/2021	31,271.00	3.000%	7,566.19	38,837.19
09/01/2021	31,505.00	3.000%	7,331.66	38,836.66
12/01/2021	31,742.00	3.000%	7,095.37	38,837.37
03/01/2022	31,980.00	3.000%	6,857.30	38,837.30
06/01/2022	32,219.00	3.000%	6,617.45	38,836.45
09/01/2022	32,461.00	3.000%	6,375.81	38,836.81
12/01/2022	32,705.00	3.000%	6,132.35	38,837.35
03/01/2023	32,950.00	3.000%	5,887.07	38,837.07
06/01/2023	33,197.00	3.000%	5,639.94	38,836.94
09/01/2023	33,446.00	3.000%	5,390.96	38,836.96
12/01/2023	33,697.00	3.000%	5,140.12	38,837.12
03/01/2024	33,950.00	3.000%	4,887.39	38,837.39
06/01/2024	34,204.00	3.000%	4,632.77	38,836.77
09/01/2024	34,461.00	3.000%	4,376.24	38,837.24
12/01/2024	34,719.00	3.000%	4,117.78	38,836.78
03/01/2025	34,980.00	3.000%	3,857.39	38,837.39
06/01/2025	35,242.00	3.000%	3,595.04	38,837.04
09/01/2025	35,506.00	3.000%	3,330.72	38,836.72
12/01/2025	35,772.00	3.000%	3,064.43	38,836.43
03/01/2026	36,041.00	3.000%	2,796.14	38,837.14
06/01/2026	36,311.00	3.000%	2,525.83	38,836.83
09/01/2026	36,583.00	3.000%	2,253.50	38,836.50
12/01/2026	36,858.00	3.000%	1,979.12	38,837.12
03/01/2027	37,134.00	3.000%	1,702.69	38,836.69
06/01/2027	37,413.00	3.000%	1,424.18	38,837.18
09/01/2027	37,693.00	3.000%	1,143.59	38,836.59
12/01/2027	37,976.00	3.000%	860.89	38,836.89
03/01/2028	38,261.00	3.000%	576.07	38,837.07
06/01/2028	38,548.00	3.000%	289.11	38,837.11
Total	$2,330,000.00	-	$776,954.98	$3,106,954.98

$2,330,000
Putnam Public Service District (West Virginia)
20 Years; 3% Interest Rate
Closing Date: March 19, 2007

Debt Service Schedule

Yield Statistics	
Accrued Interest from 03/19/2007 to 03/19/2007	(83,880.00)
Bond Year Dollars	$28,694.50
Average Life	12.315 Years
Average Coupon	2.7076795%
Net Interest Cost (NIC)	2.7076795%
True Interest Cost (TIC)	3.0190922%
Bond Yield for Arbitrage Purposes	3.0190922%
All Inclusive Cost (AIC)	3.0190922%

IRS Form 8038	
Net Interest Cost	3.0000003%
Weighted Average Maturity	12.315 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE 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 $3,680,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 2 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 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, improvements and betterments to the existing public sewerage system of the Issuer, consisting of gravity wastewater collection system to provide service along Ventroux Road and along U.S. Route 35 and WV Route 33 in Putnam County, and for participation in the construction of a new maintenance/service garage and office facility, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste (the existing public sewerage system of the Issuer, the Project and any further 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 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"), in connection with the West Virginia Water Pollution Control Act.

D. 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 Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all funds and accounts and other payments provided for herein.

B. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program, in the aggregate principal amount of not more than $3,680,000 (the "Series 2008 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 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 any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, 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 20 years.

G. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer and the Authority, and the West Virginia Department of Environmental Protection (the "DEP") in form satisfactory to the Issuer, the Authority and the DEP, approved hereby if not previously approved by resolution of the Issuer.

H. 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 Issuer's (i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authority), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (iv) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (v) Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds), (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (vii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"), (viii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"), and (ix) Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds") (Collectively referred to as the "Prior Bonds."). The Prior Bonds are payable from and secured by Net Revenues of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment being the Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000 (the "Prior Notes").

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; (ii) obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds; and (iii) obtain the consent of the Holder of the Prior Notes to the issuance of the Bonds without prepayment of the Prior Notes. Other than the Prior Bonds and Prior Notes, there are no outstanding bonds or obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the DEP and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order.

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 2008 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 2 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, 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 DEP under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer, or any other 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 or entity 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 this Bond Legislation or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2008 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"Chairman" means the Chairman of the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority and the DEP.

"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 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 public corporation and political subdivisions.

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

"DEP" means the West Virginia Department of Environmental Protection or any other agency of the State of West Virginia that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

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

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

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

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

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

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means Putnam Public Service District, a public service district and 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 Agreement" means the Loan Agreement heretofore entered, or to be entered, into among the Issuer, the Authority and the DEP, 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 the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2008 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, SRF Administrative Fee, 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 Expresses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2008 A Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1975 Bonds, Series 1979 Bonds, Series 1993 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds and Series 2007 A Bonds, as more particularly described in Section 1.02(H) hereof.

"Prior Notes" means the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, as supplemented, authorizing the Series 1975 Bonds, the Series 1979 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2006 A Bonds, the Series 2006 B Bonds and the Series 2007 A Bonds, respectively.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are

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

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

(i) Obligations of States or public corporation and 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.

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the reserve account established for the Series 2008 A Bonds and the Prior Bonds.

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

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

"RUS Bonds" means the (i) Series 1975 Bonds, (ii) Series 1979 Bonds, (iii) Series 1995 Bonds,(iv) Series 2002 A Bonds, (v) Series 2006 A Bonds, and (vi) Series 2006 B Bonds.

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

"Series 1975 Bonds" means the Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) dated October 23, 1975 issued in the aggregate principal amount of $605,000.

"Series 1979 Bonds" means the Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture) dated September 12, 1980 issued in the aggregate principal amount of $2,200,000.

"Series 1993 Bonds" means the Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authority) dated March 30, 1993 issued in the aggregate principal amount of $267,000.

"Series 1995 Bonds" means the Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture) dated May 2, 1995 issued in the aggregate principal amount of $1,300,000.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) dated March 7, 2002 issued in the aggregate principal amount of $7,078,000.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) dated March 7, 2002 issued in the aggregate principal amount of $1,422,000.

"Series 2006 A Bonds" means the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) dated May 12, 2006 issued in the aggregate principal amount of $4,946,000.

"Series 2006 B Bonds" means the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) dated May 12, 2006 issued in the aggregate principal amount of $2,104,000.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) dated March 19, 2007 issued in the aggregate principal amount of $2,330,000.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2008 A Bonds Construction Trust Fund" means the Construction Trust Fund for the Series 2008 A Bonds 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.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2008 A Bonds.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 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, including, without limitation, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever, both within and without the Issuer.

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

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles. 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.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $3,680,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds 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 DEP.

The cost of the Project is estimated not to exceed $3,680,000 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, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program)", in the principal amount of not more than $3,680,000, 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 Account (if funded from Bond proceeds) and capitalizing interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 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 quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 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 or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds. 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, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2008 A Bonds shall be the bank 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 form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2008 A Bonds shall be conclusive evidence that such Series 2008 A Bonds 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 Series 2008 A Bonds remain outstanding, the Bond Registrar for the Series 2008 A Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute a corporate 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, if any, of the Issuer to pay the Series 2008 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2008 A 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 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 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 respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2008, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 _____DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200___, as set forth 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___, at the rate per annum as set forth in Exhibit B attached hereto. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on said EXHIBIT B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions

prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer and the Authority, and the DEP, dated _____, 2008.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), 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) SEWER REVENUE BONDS, SERIES 1975, DATED OCTOBER 23, 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"),

(II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"),

(III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"),

(IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"),

(V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS),

(VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"),

(VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"),

(VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"), AND,

(IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS")

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS AND THE SERIES 2007 A BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies 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 all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies 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 on a parity with the Bonds, including the Prior Bonds; provided that, in the event 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 on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

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

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Rebate Fund (established by the Prior Resolutions and continued hereby);

(4) Series 1975 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(5) Series 1979 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 1995 Bonds Reserve Account (established by the Prior Resolutions and continued hereby); and

(7) Series 2008 A Bonds Construction Trust Fund.

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

(1) Series 1993 Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(2) Series 1993 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(3) Series 2002 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(4) Series 2002 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(5) Series 2002 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 2006 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(7) Series 2006 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(8) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(9) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(10) Series 2008 A Bonds Sinking Fund; and

(11) 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 provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (i) the National Finance Office, the amounts required by the Prior Resolutions to pay interest on the RUS Bonds; (ii) the Commission the amounts required by Prior Resolution to pay interest on the Series 1993 Bonds, Series 2002 B Bonds, and Series 2007 A Bonds; and (iii) remit to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of interest on the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2008 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 2008 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.

(3) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (i) the National Finance Office, the amounts required by the Prior Resolutions to pay principal of the RUS Bonds; (ii) the Commission the amounts required by Prior Resolutions to pay principal on the Series 1993 Bonds, Series 2002 B Bonds, and Series 2007 A Bonds; and (iii) remit to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month simultaneously, transfer from the Revenue Fund and remit to (i) the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the respective reserve accounts for the Series 1975 Bonds, Series 1979 Bonds, and Series 1995 Bonds; (ii) the Commission the amounts required by Prior Resolution to be deposited in the respective reserve accounts for the Series 1993 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, and Series 2007 A Bonds, and (ii) the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement, until the amount in the Series 2008 A Bonds Reserve Account equals 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 and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2008 A Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior

Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 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. Monies 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 monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, as applicable, be deposited in the Series 2008 A Bonds Construction Trust Fund, and following completion thereof, 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.

Any withdrawals from the Series 2008 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 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 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 2008 A Bonds Sinking Fund, or the Series 2008 A Bonds Reserve Account when the aggregate amount of funds therein are 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 thereof.

Principal, interest or reserve payments, if applicable, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2008 A Bonds.

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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 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.

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, under the conditions and restrictions set forth herein.

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

C. The Issuer shall 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 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. 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 SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2008 A Bonds.

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

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 Government Obligations or by other 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 herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

I. If the Issuer is subject to the rebate requirements of Section 148(f) of the Code and not exempted from such requirements, 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, as more fully described in Article VIII.

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 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. 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 of the Series 2008 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2008 A Bonds shall be expended as directed by the DEP.

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

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2008 A Bonds from the Series 2008 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the DEP of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(2) 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;

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

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

Pending such application, monies in the Series 2008 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 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, if any, 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 a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all the Series 2008 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with 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 2008 A 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. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended decision of the Public Service Commission of West Virginia entered January 26, 2007, in Case No. 06-0743-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums

set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority and the DEP.

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 and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2008 A Bonds Sinking Fund, 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 2008 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2008 A 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 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 the Issuer 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 shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer

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

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP 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 RUS Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the RUS 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 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 DEP 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 DEP 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 DEP or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make

available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority and the DEP, 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 DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event that an amount equal

to or in excess of the reserve requirement is on deposit in the Series 2008 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2008 A Bonds including 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 on a parity with the Series 2008 A Bonds including Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the DEP, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and 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 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement and forward a copy of such report to the Authority and the DEP 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 DEP and the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP and 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 engineering services satisfactory to the DEP and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the DEP, 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2008 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and

facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of either the System or the water system and will not restore such services of the 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.

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

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

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

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

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

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

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

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

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

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 DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the acquisition and construction of 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, all orders and approvals from the Public Service Commission of West Virginia and the DEP necessary for the acquisition and construction of

the Project and the operation of the System and all approvals of issuance of the Series 2008 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP 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 7.19. 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) 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 the lesser 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 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 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 and senior and prior to the statutory mortgage lien of the Prior Notes.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2008 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP 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 as being provided by the Authority and the DEP in any press release, publication, program, bulletin, sign or other public

communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

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

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

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

Section 8.02. 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 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 the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain

a waiver from the Internal Revenue Service, if necessary, and take any other actions 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 furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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.

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, if any, on any series 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, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond;

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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on the Series 2008 A Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the 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, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2008 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 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 2008 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest on the Series 2008 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 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 or order 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 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest 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 Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement; and provided that in the event of any conflict between this

Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

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

[Remainder of Page Intentionally Left Blank]

Adopted this 24th day of January, 2008.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of the PUTNAM PUBLIC SERVICE DISTRICT on the 24th day of January, 2008.

Dated: January 28, 2008.

[SEAL]

Secretary

01.14.08
847280.00012

CH891716.2

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

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 SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), 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 SEWERAGE 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 $3,680,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS

RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 SRF Program), of the Issuer (the "Bonds" or the "Series 2008 A Bonds"), in the aggregate principal amount of not to exceed $3,680,000, 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 among the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 22C, Article 2 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 Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $3,680,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2029, and shall bear interest at the rate of two percent (2%) per annum. The principal of and interest on Series 2008 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, and maturing June 1, 2029, 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 the DEP, 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. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2008 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

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

Section 3. The Issuer does hereby authorize, 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 DEP and 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 -0- 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 $223,703 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

CH891695.1

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

01.14.08
847280.00012

CH891695.1

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE SCOPE OF THE PROJECT; 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 supplemental resolution on January 24, 2008 entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), 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 Governing Body of 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 SEWERAGE 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 $3,680,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE

REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 SRF Program), of the Issuer (the "Series 2008 A Bonds"), in the aggregate principal amount of not to exceed $3,680,000;

WHEREAS, the Series 2008 A Bonds were issued on January 28, 2008 in the original aggregate principal amount of $3,680,000;

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 PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. The scope of the Project is expanded to include purchase seven (7) standby generators and associated automatic transfer controls throughout the entire wastewater collection system

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

[Remainder of Page Intentionally Blank]

Adopted this 14th day of January, 2010.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by Putnam Public Service District on this 14th day of January, 2010.

Dated: January 14, 2010.

[SEAL]

Paul D. Callahan
Secretary

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

SPECIMEN

No. AR-1 $3,680,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2008, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 THREE MILLION SIX HUNDRED EIGHTY THOUSAND DOLLARS ($3,680,000), 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 September 1, 2009, 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 September 1, 2009, at the rate per annum as set forth in Exhibit B attached hereto. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, as set forth on said EXHIBIT B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer and the Authority, and the DEP, dated January 10, 2008.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) fully fund the Series 2008 A Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the

"Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), 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) SEWER REVENUE BONDS, SERIES 1975, DATED OCTOBER 23, 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"),

(II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"),

(III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"),

(IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS");

(V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS),

(VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"),

(VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"),

(VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"), AND,

(IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS")

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS AND THE SERIES 2007 A BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies 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 all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies 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 on a parity with the Bonds, including the Prior Bonds; provided that, in the event 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 on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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]

Chairman

SPECIMEN

ATTEST:

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

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 421,294	January 28, 2008	(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

$3,680,000
Putnam Public Service District
20 Years; 2% Interest Rate; 1% Administrative Fee
Closing Date: January 28, 2008

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	-	-	-	-
12/01/2008	-	-	-	-
03/01/2009	-	-	-	-
06/01/2009	-	-	-	-
09/01/2009	37,525.00	2.000%	18,400.00	55,925.00
12/01/2009	37,713.00	2.000%	18,212.38	55,925.38
03/01/2010	37,901.00	2.000%	18,023.81	55,924.81
06/01/2010	38,091.00	2.000%	17,834.31	55,925.31
09/01/2010	38,281.00	2.000%	17,643.85	55,924.85
12/01/2010	38,473.00	2.000%	17,452.45	55,925.45
03/01/2011	38,665.00	2.000%	17,260.08	55,925.08
06/01/2011	38,858.00	2.000%	17,066.76	55,924.76
09/01/2011	39,053.00	2.000%	16,872.47	55,925.47
12/01/2011	39,248.00	2.000%	16,677.20	55,925.20
03/01/2012	39,444.00	2.000%	16,480.96	55,924.96
06/01/2012	39,641.00	2.000%	16,283.74	55,924.74
09/01/2012	39,840.00	2.000%	16,085.54	55,925.54
12/01/2012	40,039.00	2.000%	15,886.34	55,925.34
03/01/2013	40,239.00	2.000%	15,686.14	55,925.14
06/01/2013	40,440.00	2.000%	15,484.95	55,924.95
09/01/2013	40,642.00	2.000%	15,282.75	55,924.75
12/01/2013	40,846.00	2.000%	15,079.54	55,925.54
03/01/2014	41,050.00	2.000%	14,875.31	55,925.31
06/01/2014	41,255.00	2.000%	14,670.06	55,925.06
09/01/2014	41,461.00	2.000%	14,463.78	55,924.78
12/01/2014	41,669.00	2.000%	14,256.48	55,925.48
03/01/2015	41,877.00	2.000%	14,048.13	55,925.13
06/01/2015	42,086.00	2.000%	13,838.75	55,924.75
09/01/2015	42,297.00	2.000%	13,628.32	55,925.32
12/01/2015	42,508.00	2.000%	13,416.83	55,924.83
03/01/2016	42,721.00	2.000%	13,204.29	55,925.29
06/01/2016	42,934.00	2.000%	12,990.69	55,924.69
09/01/2016	43,149.00	2.000%	12,776.02	55,925.02
12/01/2016	43,365.00	2.000%	12,560.27	55,925.27
03/01/2017	43,582.00	2.000%	12,343.45	55,925.45
06/01/2017	43,800.00	2.000%	12,125.54	55,925.54
09/01/2017	44,019.00	2.000%	11,906.54	55,925.54
12/01/2017	44,239.00	2.000%	11,686.44	55,925.44
03/01/2018	44,460.00	2.000%	11,465.25	55,925.25
06/01/2018	44,682.00	2.000%	11,242.95	55,924.95
09/01/2018	44,906.00	2.000%	11,019.54	55,925.54
12/01/2018	45,130.00	2.000%	10,795.01	55,925.01

$3,680,000
Putnam Public Service District
20 Years; 2% Interest Rate; 1% Administrative Fee
Closing Date: January 28, 2008

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
03/01/2019	45,356.00	2.000%	10,569.36	55,925.36
06/01/2019	45,582.00	2.000%	10,342.58	55,924.58
09/01/2019	45,810.00	2.000%	10,114.67	55,924.67
12/01/2019	46,039.00	2.000%	9,885.62	55,924.62
03/01/2020	46,270.00	2.000%	9,655.42	55,925.42
06/01/2020	46,501.00	2.000%	9,424.07	55,925.07
09/01/2020	46,733.00	2.000%	9,191.57	55,924.57
12/01/2020	46,967.00	2.000%	8,957.90	55,924.90
03/01/2021	47,202.00	2.000%	8,723.07	55,925.07
06/01/2021	47,438.00	2.000%	8,487.06	55,925.06
09/01/2021	47,675.00	2.000%	8,249.87	55,924.87
12/01/2021	47,914.00	2.000%	8,011.49	55,925.49
03/01/2022	48,153.00	2.000%	7,771.92	55,924.92
06/01/2022	48,394.00	2.000%	7,531.16	55,925.16
09/01/2022	48,636.00	2.000%	7,289.19	55,925.19
12/01/2022	48,879.00	2.000%	7,046.01	55,925.01
03/01/2023	49,123.00	2.000%	6,801.61	55,924.61
06/01/2023	49,369.00	2.000%	6,556.00	55,925.00
09/01/2023	49,616.00	2.000%	6,309.15	55,925.15
12/01/2023	49,864.00	2.000%	6,061.07	55,925.07
03/01/2024	50,113.00	2.000%	5,811.75	55,924.75
06/01/2024	50,364.00	2.000%	5,561.19	55,925.19
09/01/2024	50,616.00	2.000%	5,309.37	55,925.37
12/01/2024	50,869.00	2.000%	5,056.29	55,925.29
03/01/2025	51,123.00	2.000%	4,801.94	55,924.94
06/01/2025	51,379.00	2.000%	4,546.33	55,925.33
09/01/2025	51,636.00	2.000%	4,289.43	55,925.43
12/01/2025	51,894.00	2.000%	4,031.25	55,925.25
03/01/2026	52,153.00	2.000%	3,771.78	55,924.78
06/01/2026	52,414.00	2.000%	3,511.02	55,925.02
09/01/2026	52,676.00	2.000%	3,248.95	55,924.95
12/01/2026	52,939.00	2.000%	2,985.57	55,924.57
03/01/2027	53,204.00	2.000%	2,720.87	55,924.87
06/01/2027	53,470.00	2.000%	2,454.85	55,924.85
09/01/2027	53,738.00	2.000%	2,187.50	55,925.50
12/01/2027	54,006.00	2.000%	1,918.81	55,924.81
03/01/2028	54,276.00	2.000%	1,648.78	55,924.78
06/01/2028	54,548.00	2.000%	1,377.40	55,925.40
09/01/2028	54,820.00	2.000%	1,104.66	55,924.66
12/01/2028	55,095.00	2.000%	830.56	55,925.56
03/01/2029	55,370.00	2.000%	555.09	55,925.09
06/01/2029	55,647.00	2.000%	278.24	55,925.24
Total	**$3,680,000.00**	-	**$794,007.34**	**$4,474,007.34** *

Plus $4,962.55 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $397,004.

$3,680,000
Putnam Public Service District
20 Years; 2% Interest Rate; 1% Administrative Fee
Closing Date: January 28, 2008

Debt Service Schedule

Yield Statistics	
Accrued Interest from 01/28/2008 to 01/28/2008	(98,746.67)
Bond Year Dollars	$44,637.69
Average Life	12.130 Years
Average Coupon	1.7787824%
Net Interest Cost (NIC)	1.7787824%
True Interest Cost (TIC)	2.0090531%
Bond Yield for Arbitrage Purposes	2.0090531%
All Inclusive Cost (AIC)	2.8835991%

IRS Form 8038	
Net Interest Cost	2.0000005%
Weighted Average Maturity	12.130 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE 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 $509,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Putnam Public Service District (the "Issuer") is a public service district and 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, improvements and betterments to the existing public sewerage system of the Issuer, consisting of an upgrade to the Hometown wastewater treatment plant, together with all appurtenant facilities (collectively, the "Project"), which constitute

properties for the collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste (the existing public sewerage system of the Issuer, the Project and any further 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 potion 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"), pursuant to the Act.

D. 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 Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all funds and accounts and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $509,000 (the "Series 2008 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, 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 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 B 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 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated

October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authority), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (iv) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (v) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"), (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (vii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"), (viii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"); (ix) Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds") and (x) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds") (collectively referred to as the "Prior Bonds."). The Prior Bonds are payable from and secured by Net Revenues of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2008 B Bonds as to liens, pledge and source of and security for payment being the Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000 (the "Prior Notes").

The Series 2008 B 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 B 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, (ii) obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 B Bonds on a parity with the Prior Bonds, and (iii) obtain the consent of the Authority to the issuance of the Bonds without prepayment of the Prior Notes. Other than the Prior Bonds and the Prior Notes, there are no outstanding bonds or obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2008 B Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order.

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 2008 B Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer, or any other 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 or entity 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 this Bond Legislation or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2008 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"Chairman" means the Chairman of the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2008 B Bonds for all or a portion of the proceeds of the Series 2008 B Bonds from the Authority and the Council.

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

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

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

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

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

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

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

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

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

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

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

"Issuer" means Putnam Public Service District, a public service district and 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 Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2008 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2008 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2008 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

and (iv) for purposes of consents or other action by a specified percentage of Bondholders or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2008 B Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1975 Bonds, Series 1979 Bonds, Series 1993 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds and Series 2008 A Bonds, as more particularly described in Section 1.02(H) hereof.

"Prior Notes" means the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of States or public corporation and 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.

"Rebate Fund" means the Rebate Fund established by Prior Resolution.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the reserve account established for the Series 2008 B Bonds and the Prior Bonds.

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

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

"RUS Bonds" means the (i) Series 1975 Bonds, (ii) Series 1979 Bonds, (iii) Series 1995 Bonds, (iv) Series 2002 A Bonds, (v) Series 2006 A Bonds, and (vi) Series 2006 B Bonds.

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

"Series 1975 Bonds" means the Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) dated October 23, 1975 issued in the original aggregate principal amount of $605,000.

"Series 1979 Bonds" means the Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture) dated September 12, 1980 issued in the original aggregate principal amount of $2,200,000.

"Series 1993 Bonds" means the Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authority) dated March 30, 1993 issued in the original aggregate principal amount of $267,000.

"Series 1995 Bonds" means the Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture) dated May 2, 1995 issued in the original aggregate principal amount of $1,300,000.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) dated March 7, 2002 issued in the original aggregate principal amount of $7,078,000.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) dated March 7, 2002 issued in the original aggregate principal amount of $1,422,000.

"Series 2006 A Bonds" means the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) dated May 12, 2006 issued in the original aggregate principal amount of $4,946,000.

"Series 2006 B Bonds" means the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) dated May 12, 2006 issued in the original aggregate principal amount of $2,104,000.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) dated March 19, 2007 issued in the original aggregate principal amount of $2,330,000.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) dated January 28, 2008 issued in the original aggregate principal amount of $3,680,000.

"Series 2008 B Bonds" or "Series 2008 Bonds" means the Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2008 B Bonds Construction Trust Fund" means the Construction Trust Fund for the Series 2008 B Bonds established by Section 5.01 hereof.

"Series 2008 B Bonds Reserve Account" means the Series 2008 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 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 2008 B Bonds in the then current or any succeeding year.

"Series 2008 B Bonds Sinking Fund" means the Series 2008 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2008 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 B Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete existing sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever, both within and without the Issuer.

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

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles. 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.

The terms "herein". "hereunder", "hereby", "hereto", "hereof", and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $1,809,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed $1,809,000 of which $509,000 will be obtained from proceeds of the Series 2008 B Bonds and $1,300,000 from the proceeds of a United States Army Corps of Engineers grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2008 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2008 B Bonds of the Issuer. The Series 2008 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund)", in the principal amount of not more than $509,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 B Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2008 B Bonds, if any, shall be deposited in or credited to the Series 2008 B Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2008 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 quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 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 2008 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 B Bonds. The Series 2008 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, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2008 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 2008 B Bonds shall cease to be such officer of the Issuer before the Series 2008 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2008 B Bonds shall be the bank to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2008 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2008 B Bonds shall be conclusive evidence that such Series 2008 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 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 2008 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 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 2008 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 said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 B Bonds remain outstanding, the Bond Registrar for the Series 2008 B Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

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

redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 B Bonds shall not, in any event, be or constitute a corporate 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 B Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2008 B Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2008 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 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 2008 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2008 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 B Bonds to the original purchasers;

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

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

(5) The unqualified approving opinion of bond counsel on the Series 2008 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 B Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2008, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 _____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.

The bond shall not bear interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority on behalf of the Council, dated _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including

particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 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) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"),

(II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"),

(III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"),

(IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"),

(V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS);

(VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"),

(VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"),

(VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"),

(IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"), AND

(X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS")

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, AND THE SERIES 2008 A BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 B 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 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 on a parity with the Bonds, including the Prior Bonds; provided that, in the event there exists in the Series 2008 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 on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Rebate Fund (established by the Prior Resolutions and continued hereby);

(4) Series 1975 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(5) Series 1979 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 1995 Bonds Reserve Account (established by the Prior Resolutions and continued hereby); and

(7) Series 2008 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by 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 1993 Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(2) Series 1993 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(3) Series 2002 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(4) Series 2002 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(5) Series 2002 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 2006 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(7) Series 2006 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(8) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(9) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(10) Series 2008 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby)

(11) Series 2008 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(12) Series 2008 B Bonds Sinking Fund; and

(13) Series 2008 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (I) the National Finance Office, the amounts required by the Prior Resolutions to pay interest on the RUS Bonds; and (ii) the Commission the amounts required by Prior Resolution to pay interest on the Series 1993 Bonds, Series 2002 B Bonds, Series 2007 A Bonds, and the Series 2008 A Bonds.

(3) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to (i) the National Finance Office, the amounts required by the Prior Resolutions to pay principal of the RUS Bonds; (ii) the Commission the amounts required by Prior Resolutions to pay principal on the Series 1993 Bonds, Series 2002 B Bonds, Series 2007 A Bonds and Series 2008 A Bonds; and (iii) remit to the Commission on the first day of each month, commencing 3 months prior to the

first date of payment of principal of the Series 2008 B Bonds, for deposit in the Series 2008 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 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 simultaneously, transfer from the Revenue Fund and remit to (I) the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the respective reserve accounts for the Series 1975 Bonds, Series 1979 Bonds, and Series 1995 Bonds; (ii) the Commission the amounts required by Prior Resolution to be deposited in the respective reserve accounts for the Series 1993 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds and Series 2008 A Bonds, and (iii) the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2008 B Bonds, for deposit in the Series 2008 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 B Bonds Reserve Requirement, until the amount in the Series 2008 B Bonds Reserve Account equals the Series 2008 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 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 2008 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2008 B Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2008 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2008 B Bonds as the same shall become due. Monies in the Series 2008 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2008 B Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, as applicable, be deposited in the Series 2008 B Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2008 B Bonds.

Any withdrawals from the Series 2008 B Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 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 2008 B Bonds Sinking Fund, or the Series 2008 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, if applicable, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2008 B Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 B Bonds Sinking Fund, and the Series 2008 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 B Bonds Sinking Fund and the Series 2008B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 B Bonds, under the conditions and restrictions set forth herein.

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

C. The Issuer shall 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 payments with respect to the Series 2008 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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 Government Obligations or by other 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 herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

I. If the Issuer is subject to the rebate requirements of Section 148(f) of the Code and not exempted from such requirements, 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, as more fully described in Article VIII.

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 2008 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 B Bonds, there shall first be deposited with the Commission in the Series 2008 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 2008 B Bonds for the period commencing on the date of issuance of the Series 2008 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2008 B Bonds, there shall be deposited with the Commission in the Series 2008 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2008 B Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2008 B Bonds shall be expended as approved by the Council.

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

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2008 B Bonds from the Series 2008 B Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(2) 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;

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

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

Pending such application, monies in the Series 2008 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2008 B 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 Series 2008 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 2008 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 2008 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 2008 B Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2008 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 all the Series 2008 B Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with 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 2008 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 shall provide an opinion of counsel to the Issuer of such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered April 23, 2008, in Case No. 06-0743-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and Series 2008 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take

all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority and the Council.

So long as the Series 2008 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2008 B Bonds Sinking Fund, 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 2008 B Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2008 B 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 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 the Issuer 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 shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments 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 Prior Resolution and 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 source 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, 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 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 B Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 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 RUS Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the RUS 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 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 2008 B Bonds.

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

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

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

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 B Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2008 B Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the Council with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2008 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 1.15% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 B Bonds, including the Prior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit in the Series 2008 B B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2008 B Bonds including 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 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 B Bonds including Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the Council, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Council, the Authority and any Holder of any Bonds or anyone acting for and 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 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Council and the Authority, the Project is adequate for

the purposes for which it was designed, the funding plan as submitted to the Council and 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 engineering services satisfactory to the Council and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Council and 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 employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services

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

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

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

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

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

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public

nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the acquisition and construction of 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, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2008 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

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

Section 7.19. Reserved

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 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 2008 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds and senior and prior to the statutory mortgage lien of the Prior Notes.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2008 B Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2008 B Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

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

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 B Bonds as a condition to issuance of the Series 2008 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 B Bonds as may be necessary in order to maintain the status of the Series 2008 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2008 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2008 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth

in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2008 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 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 2008 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 2008 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 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, the Paying Agent or any other Paying Agent or a Holder of a Bond;

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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on the Series 2008 B Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the Series 2008 B 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 B 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, the completion of the Project and after commencement of operation of the

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2008 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 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 2008 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 on the Series 2008 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 2008 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 B Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 B Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2008 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2008 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 2008 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 2008 B Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement; and provided that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the

Chairman, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

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Adopted this 22nd day of May, 2008.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of the PUTNAM PUBLIC SERVICE DISTRICT on the 22nd day of May, 2008.

Dated: June 6, 2008.

[SEAL]

Secretary

05.20.08
847280.00015

PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2008 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2008 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution on May 22, 2008 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE 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 $509,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING

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

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 B (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2008 B Bonds"), in the aggregate principal amount of not to exceed $509,000, and has authorized the execution and delivery of the Loan Agreement relating to the Series 2008 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal 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 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal 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 Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer,

originally represented by a single Bond, numbered BR-1, in the principal amount of $509,000. The Series 2008 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2048, and shall bear no interest. The principal shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including June 1, 2048, 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 B Bonds. The Series 2008 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2008 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Series 2008 B Bonds shall be 100% of par value, there being no interest accrued on the Series 2008 B Bonds, provided that the proceeds of the Series 2008 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2008 B Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2008 B 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 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2008 B Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2008 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2008 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2008 B Bonds shall be deposited in or credited to the Series 2008 B 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 B Bonds may be delivered on or about June 6, 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 B Bonds Sinking Fund and the Series 2008 B 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 B 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 B 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 B 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.

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Adopted this 22nd day of May, 2008.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CH4902900.1

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by Putnam Public Service District on this 22nd day of May, 2008.

Dated: June 6, 2008.

[SEAL]

Secretary

05.22.08
847280.00015

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $509,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 6th day of June, 2008, PUTNAM PUBLIC SERVICE DISTRICT, a public service district and 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 FIVE HUNDRED AND NINE THOUSAND DOLLARS ($509,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including June 1, 2048 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

The bond shall not bear interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority on behalf of the Council, dated June 6, 2008.

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

SPECIMEN

Resolution duly adopted by the Issuer on May 22, 2008, and a Supplemental Resolution duly adopted by the Issuer on May 22, 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) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"),

(II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"),

(III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"),

(IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"),

(V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS"),

(VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"),

(VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"),

(VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"),

(IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"), AND

SPECIMEN

(X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS")

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, AND THE SERIES 2008 A BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 B 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 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 on a parity with the Bonds, including the Prior Bonds; provided that, in the event there exists in the Series 2008 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 on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

SPECIMEN

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.

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]

SPECIMEN

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

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: June 6, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$17,885	June 6, 2008	(17)	$	
(2)	$		(18)	$	
(3)	$		(19)	$	
(4)	$		(20)	$	
(5)	$		(21)	$	
(6)	$		(22)	$	
(7)	$		(23)	$	
(8)	$		(24)	$	
(9)	$		(25)	$	
(10)	$		(26)	$	
(11)	$		(27)	$	
(12)	$		(28)	$	
(13)	$		(29)	$	
(14)	$		(30)	$	
(15)	$		(31)	$	
(16)	$		(32)	$	

TOTAL $_____

SPECIMEN

EXHIBIT B

DEBT SERVICE SCHEDULE

Putnam Public Service District (West Virginia)
40 Years; 0% Interest Rate
Closing Date: June 6, 2008

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	3,284.00	-	3,284.00
03/01/2010	3,284.00	-	3,284.00
06/01/2010	3,284.00	-	3,284.00
09/01/2010	3,284.00	-	3,284.00
12/01/2010	3,284.00	-	3,284.00
03/01/2011	3,284.00	-	3,284.00
06/01/2011	3,284.00	-	3,284.00
09/01/2011	3,284.00	-	3,284.00
12/01/2011	3,284.00	-	3,284.00
03/01/2012	3,284.00	-	3,284.00
06/01/2012	3,284.00	-	3,284.00
09/01/2012	3,284.00	-	3,284.00
12/01/2012	3,284.00	-	3,284.00
03/01/2013	3,284.00	-	3,284.00
06/01/2013	3,284.00	-	3,284.00
09/01/2013	3,284.00	-	3,284.00
12/01/2013	3,284.00	-	3,284.00
03/01/2014	3,284.00	-	3,284.00
06/01/2014	3,284.00	-	3,284.00
09/01/2014	3,284.00	-	3,284.00
12/01/2014	3,284.00	-	3,284.00
03/01/2015	3,284.00	-	3,284.00
06/01/2015	3,284.00	-	3,284.00
09/01/2015	3,284.00	-	3,284.00
12/01/2015	3,284.00	-	3,284.00
03/01/2016	3,284.00	-	3,284.00
06/01/2016	3,284.00	-	3,284.00
09/01/2016	3,284.00	-	3,284.00
12/01/2016	3,284.00	-	3,284.00
03/01/2017	3,284.00	-	3,284.00
06/01/2017	3,284.00	-	3,284.00
09/01/2017	3,284.00	-	3,284.00
12/01/2017	3,284.00	-	3,284.00
03/01/2018	3,284.00	-	3,284.00
06/01/2018	3,284.00	-	3,284.00
09/01/2018	3,284.00	-	3,284.00
12/01/2018	3,284.00	-	3,284.00
03/01/2019	3,284.00	-	3,284.00
06/01/2019	3,284.00	-	3,284.00

$309,000

Putnam Public Service District (West Virginia)

40 Years; 0% Interest Rate

Closing Date: June 6, 2008

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2019	3,284.00	-	3,284.00
12/01/2019	3,284.00	-	3,284.00
03/01/2020	3,284.00	-	3,284.00
06/01/2020	3,284.00	-	3,284.00
09/01/2020	3,284.00	-	3,284.00
12/01/2020	3,284.00	-	3,284.00
03/01/2021	3,284.00	-	3,284.00
06/01/2021	3,284.00	-	3,284.00
09/01/2021	3,284.00	-	3,284.00
12/01/2021	3,284.00	-	3,284.00
03/01/2022	3,284.00	-	3,284.00
06/01/2022	3,284.00	-	3,284.00
09/01/2022	3,284.00	-	3,284.00
12/01/2022	3,284.00	-	3,284.00
03/01/2023	3,284.00	-	3,284.00
06/01/2023	3,284.00	-	3,284.00
09/01/2023	3,284.00	-	3,284.00
12/01/2023	3,284.00	-	3,284.00
03/01/2024	3,284.00	-	3,284.00
06/01/2024	3,284.00	-	3,284.00
09/01/2024	3,284.00	-	3,284.00
12/01/2024	3,284.00	-	3,284.00
03/01/2025	3,284.00	-	3,284.00
06/01/2025	3,284.00	-	3,284.00
09/01/2025	3,284.00	-	3,284.00
12/01/2025	3,284.00	-	3,284.00
03/01/2026	3,284.00	-	3,284.00
06/01/2026	3,284.00	-	3,284.00
09/01/2026	3,284.00	-	3,284.00
12/01/2026	3,284.00	-	3,284.00
03/01/2027	3,284.00	-	3,284.00
06/01/2027	3,284.00	-	3,284.00
09/01/2027	3,284.00	-	3,284.00
12/01/2027	3,284.00	-	3,284.00
03/01/2028	3,284.00	-	3,284.00
06/01/2028	3,284.00	-	3,284.00
09/01/2028	3,284.00	-	3,284.00
12/01/2028	3,284.00	-	3,284.00
03/01/2029	3,284.00	-	3,284.00
06/01/2029	3,284.00	-	3,284.00
09/01/2029	3,284.00	-	3,284.00
12/01/2029	3,284.00	-	3,284.00
03/01/2030	3,284.00	-	3,284.00
06/01/2030	3,284.00	-	3,284.00

Putnam Public Service District (West Virginia)
40 Years; 0% Interest Rate
Closing Date: June 6, 2008

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2030	3,284.00	-	3,284.00
12/01/2030	3,284.00	-	3,284.00
03/01/2031	3,284.00	-	3,284.00
06/01/2031	3,284.00	-	3,284.00
09/01/2031	3,284.00	-	3,284.00
12/01/2031	3,284.00	-	3,284.00
03/01/2032	3,284.00	-	3,284.00
06/01/2032	3,284.00	-	3,284.00
09/01/2032	3,284.00	-	3,284.00
12/01/2032	3,284.00	-	3,284.00
03/01/2033	3,284.00	-	3,284.00
06/01/2033	3,284.00	-	3,284.00
09/01/2033	3,284.00	-	3,284.00
12/01/2033	3,284.00	-	3,284.00
03/01/2034	3,284.00	-	3,284.00
06/01/2034	3,284.00	-	3,284.00
09/01/2034	3,284.00	-	3,284.00
12/01/2034	3,284.00	-	3,284.00
03/01/2035	3,284.00	-	3,284.00
06/01/2035	3,284.00	-	3,284.00
09/01/2035	3,284.00	-	3,284.00
12/01/2035	3,284.00	-	3,284.00
03/01/2036	3,284.00	-	3,284.00
06/01/2036	3,284.00	-	3,284.00
09/01/2036	3,284.00	-	3,284.00
12/01/2036	3,284.00	-	3,284.00
03/01/2037	3,284.00	-	3,284.00
06/01/2037	3,284.00	-	3,284.00
09/01/2037	3,284.00	-	3,284.00
12/01/2037	3,284.00	-	3,284.00
03/01/2038	3,284.00	-	3,284.00
06/01/2038	3,284.00	-	3,284.00
09/01/2038	3,284.00	-	3,284.00
12/01/2038	3,284.00	-	3,284.00
03/01/2039	3,284.00	-	3,284.00
06/01/2039	3,284.00	-	3,284.00
09/01/2039	3,284.00	-	3,284.00
12/01/2039	3,284.00	-	3,284.00
03/01/2040	3,284.00	-	3,284.00
06/01/2040	3,284.00	-	3,284.00
09/01/2040	3,284.00	-	3,284.00
12/01/2040	3,284.00	-	3,284.00
03/01/2041	3,284.00	-	3,284.00
06/01/2041	3,284.00	-	3,284.00

$509,000

Putnam Public Service District (West Virginia)
40 Years; 0% Interest Rate
Closing Date: June 6, 2008

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2041	3,284.00	-	3,284.00
12/01/2041	3,284.00	-	3,284.00
03/01/2042	3,284.00	-	3,284.00
06/01/2042	3,284.00	-	3,284.00
09/01/2042	3,284.00	-	3,284.00
12/01/2042	3,284.00	-	3,284.00
03/01/2043	3,284.00	-	3,284.00
06/01/2043	3,284.00	-	3,284.00
09/01/2043	3,283.00	-	3,283.00
12/01/2043	3,283.00	-	3,283.00
03/01/2044	3,283.00	-	3,283.00
06/01/2044	3,283.00	-	3,283.00
09/01/2044	3,283.00	-	3,283.00
12/01/2044	3,283.00	-	3,283.00
03/01/2045	3,283.00	-	3,283.00
06/01/2045	3,283.00	-	3,283.00
09/01/2045	3,283.00	-	3,283.00
12/01/2045	3,283.00	-	3,283.00
03/01/2046	3,283.00	-	3,283.00
06/01/2046	3,283.00	-	3,283.00
09/01/2046	3,283.00	-	3,283.00
12/01/2046	3,283.00	-	3,283.00
03/01/2047	3,283.00	-	3,283.00
06/01/2047	3,283.00	-	3,283.00
09/01/2047	3,283.00	-	3,283.00
12/01/2047	3,283.00	-	3,283.00
03/01/2048	3,283.00	-	3,283.00
06/01/2048	3,283.00	-	3,283.00
Total	**$509,000.00**	-	**$509,000.00**

Yield Statistics

Bond Year Dollars	$10,554.34
Average Life	20.735 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.69E-10
Bond Yield for Arbitrage Purposes	1.69E-10
All Inclusive Cost (AIC)	1.69E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.735 Years

SPECIMEN

(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:

_____

Putnam Public Service District
Sewer Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

BOND RESOLUTION

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PUTNAM PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE 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 $4,520,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED AND ORDERED 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 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. 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 sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing sewerage facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing sewerage facilities of the Issuer, consisting of a sewer system upgrade in the Teays Valley area of its service territory which will result in the extension of sewer service to 27 customers, 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 sewerage facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $4,520,000 which will be obtained from the proceeds of sale of the Series 2009 A Bonds.

E. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), in the aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds"), to finance the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2009 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.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1993 (West Virginia Water Development

Authority), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (iv) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (v) Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"), (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (vii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"), (viii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"), (ix) Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"), (x) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,600,000 (the "Series 2008 A Bonds"), and (xi) Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds") (collectively referred to as the "Prior Bonds."). The Prior Bonds are payable from and secured by Net Revenues of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2009 A Bonds as to liens, pledge and source of and security for payment being the Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000 (the "Prior Notes").

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

H. It is in the best interest of the Issuer that the Series 2009 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated September 12, 2007, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 A Bonds, or will have so complied prior to issuance of the Series 2009 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 2009 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 2009 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 2009 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 E.L. Robinson, Cross Lanes, 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 "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

"Issuer," "Borrower" or "District" 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, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letters of Conditions of the Purchaser dated September 12, 2007, 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 2009 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 1975 Bonds, Series 1979 Bonds, Series 1993 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds and Series 2008 B Bonds, as more particularly described in Section 1.02(H) hereof.

"Prior Notes" means the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000.

"Prior Bonds Reserve Accounts" means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Resolutions.

"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 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 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.

"RUS Bonds" means the (i) Series 1975 Bonds, (ii) Series 1979 Bonds, (iii) Series 1995 Bonds, (iv) Series 2002 A Bonds, (v) Series 2006 A Bonds, and (vi) Series 2006 B Bonds.

"Secretary" means the Secretary of the Governing Body.

"Series 1975 Bonds" means the Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) dated October 23, 1975 issued in the original aggregate principal amount of $605,000.

"Series 1979 Bonds" means the Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture) dated September 12, 1980 issued in the original aggregate principal amount of $2,200,000.

"Series 1993 Bonds" means the Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authority) dated March 30, 1993 issued in the original aggregate principal amount of $267,000.

"Series 1995 Bonds" means the Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture) dated May 2, 1995 issued in the original aggregate principal amount of $1,300,000.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) dated March 7, 2002 issued in the original aggregate principal amount of $7,078,000.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) dated March 7, 2002 issued in the original aggregate principal amount of $1,422,000.

"Series 2006 A Bonds" means the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) dated May 12, 2006 issued in the original aggregate principal amount of $4,946,000.

"Series 2006 B Bonds" means the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) dated May 12, 2006 issued in the original aggregate principal amount of $2,104,000.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) dated March 19, 2007 issued in the original aggregate principal amount of $2,330,000.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) dated January 28, 2008 issued in the original aggregate principal amount of $3,680,000.

"Series 2008 B Bonds" means the Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) dated June 6, 2008 issued in the original aggregate principal amount of $509,000.

"Series 2009 A Bonds" means, the Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established in Section 5.01.

"Series 2009 A Bonds Construction Trust Fund" means the Series 2009 A Bonds Construction Trust Fund established in Section 5.01.

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

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

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 REFUNDING ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $4,520,000, 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 2009 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2009 A Bonds of the Issuer are hereby authorized to be issued in the principal amount $4,520,000 for the purpose of financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2009 A Bonds shall be issued in single form, numbered AR-1, as fully registered Bonds, and shall be dated the date of delivery thereof. The Series 2009 A Bonds shall bear interest from the date of delivery, each payable monthly at the rate of 4.25% per annum, and shall be sold for the par value thereof. 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 Series 2009 A Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $20,024, 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 the Series 2009 A Bond.

The Series 2009 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 2009 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 2009 A Bonds, and the right to principal of and stated interest on the Series 2009 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 2009 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 2009 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 2009 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2009 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 2009 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 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 2009 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 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 2009 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 2009 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 2009 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 2009 A Bonds shall cease to be such officer of the Issuer before the Series 2009 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. The Series 2009 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 2009 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 2009 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2009 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 2009 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 2009 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 2009 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 2009 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
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $_____

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

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on

an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 _____, 2009, 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 WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(I) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"),

(II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"),

(III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"),

(IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"),

(V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS),

(VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"),

(VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"),

(VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"),

(IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"),

(X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS"), AND

(XI) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, AND THE SERIES 2008 B BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____
Chairman, Public Service Board

ATTEST:

_____
Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers 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

[RESERVED]

ARTICLE V

FUNDS AND ACCOUTNS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Rebate Fund (established by the Prior Resolutions and continued hereby);

(4) Series 1975 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(5) Series 1979 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 1995 Bonds Reserve Account (established by the Prior Resolutions and continued hereby); and

(7) Series 2009 A Bonds Construction Trust Fund.

Section 5.02. 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 1993 Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(2) Series 1993 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(3) Series 2002 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(4) Series 2002 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(5) Series 2002 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 2006 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(7) Series 2006 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(8) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(9) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(10) Series 2008 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby)

(11) Series 2008 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(12) Series 2008 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(13) Series 2008 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby); and

(14) Series 2009 A Bonds Reserve Account.

Section 5.03. Bond Proceeds; Project Construction Accounts. The proceeds of the sale of the Series 2009 A Bonds shall be deposited upon receipt by the Issuer in the Series 2009 A Bonds Construction Trust Fund. The monies in the Series 2009 A Bonds Construction Trust Fund 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 2009 A Bonds Construction Trust Fund shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2009 A Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2009 A Bonds Construction Trust Fund 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 2009 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 Series 2009 A Bonds Construction Trust Fund 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 2009 A Bonds Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

Section 5.04. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2009 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 A Bonds Reserve Account a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2009 A Bonds, as applicable, remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2009 A Bonds as follows:

A. 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. 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, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the National Finance Office the amounts required by the Prior Resolutions to pay interest on the RUS Bonds; (ii) the Commission the amounts required by Prior Resolution to pay interest on the Series 1993 Bonds, Series 2002 B Bonds, Series 2007 A Bonds and Series 2008 A Bonds; and (iii) the National Finance Office, the amounts required to pay the interest on the Series 2009 A. All payments with respect to principal of and interest on the Series 2009 A Bonds and the Prior Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amounts required by Prior Resolution to pay principal on the RUS Bonds; (ii) to the Commission the amounts required by Prior Resolution to pay principal on the Series 1993 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds and Series 2008 B Bonds; and (iii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 A

Bonds, the amount required to amortize the principal of the Series 2009 A Bonds over the life of the bond issue

(4) The Issuer shall next, on the first day of each month simultaneously, transfer from the Revenue Fund and remit (i) to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 1975 Bonds, Series 1979 Bonds and Series 1995 Bonds; (ii) to the Commission the amounts required by Prior Resolution to be deposited in the respective reserve accounts for the Series 1993 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds and Series 2008 B Bonds; and (iii) 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 2009 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2009 A Bonds Reserve Account equals the Minimum Reserve; 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 Minimum Reserve. Monies in the Series 2009 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 2009 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2009 A Bonds, or for mandatory prepayment of the Series 2009 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in each Series 2009 A Bonds 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.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2009 A Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Whenever the money in the Series 2009 A Bonds Reserve Account shall be sufficient to prepay the Series 2009 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 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 2009 A Bonds Reserve Account. All amounts required for the Series 2009 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 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 2009 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2009 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 2009 A Bonds the interest thereon, on a parity with the Prior Bonds.

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 2009 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 2009 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 2009 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. 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. The Issuer shall, prior to delivery of the Series 2009 A Bonds, provide evidence that there will be at least 7,777 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

E. 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. 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. 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.

ARTICLE VI

GENERAL COVENANTS, ETC.

Section 6.01. General Statement. So long as the Series 2009 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 A Bonds Reserve Accounts, sums sufficient to prepay the entire principal of the Series 2009 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 2009 A Bonds.

Section 6.02. 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 2009 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 6.03. 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 2009 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 6.04. 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 2009 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 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 RUS Bonds or the Series 2009 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 then proposed to be issued.

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

So long as the Series 1993 Bonds, Series 2002 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, or Series 2008 B Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues 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 2009 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 2009 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 6.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2009 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 2009 A Bonds.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in 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 2009 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 6.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2009 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 2009 A Bonds.

Section 6.07. 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 2009 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 A 2009 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 6.08. 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 2009 A Bonds.

Section 6.09. Fiscal Year; Budget. While the Series 2009 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 6.10. 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 6.11. 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 6.12. 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 6.13. 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 2009 A Bonds are outstanding.

Section 6.14. 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 VII

RATES, ETC.

Section 7.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on April 23, 2008 Case No. 06-0743-PSD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2009 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 2009 A 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 2009 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 2009 A Bonds, the Issuer may not defease the Series 2009 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 8.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 8.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2009 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 8.04. 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 2009 A Bonds.

Section 8.05. 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 8.06. 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 8.07. 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 8.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

[Remainder of Page Intentionally Blank]

Adopted this 24th day of June, 2009.

PUTNAM PUBLIC SERVICE DISTRICT

By: _____
Its: 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 June, 2009.

Dated: June 26, 2009

[SEAL]

Secretary

06.18.09
847280.00014

CH4919417.1

SPECIMEN

UNITED STATES OF AMERICA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

$4,520,000

FOR VALUE RECEIVED, 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 FOUR MILLION FIVE HUNDRED TWENTY THOUSAND DOLLARS (4,520,000), plus interest on the unpaid principal balance at the rate of 4.25% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $20,024, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made

by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as 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 June 24, 2009, 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 WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(I) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"),

(II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"),

(III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"),

(IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"),

(V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS),

(VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"),

(VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"),

(VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"),

(IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"),

(X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS"), AND

(XI) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS").

THE SERIES 1975 BONDS, THE SERIES 1979 BONDS, THE SERIES 1993 BONDS, THE SERIES 1995 BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2006 A BONDS, THE SERIES 2006 B BONDS, THE SERIES 2007 A BONDS, THE SERIES 2008 A BONDS, AND THE SERIES 2008 B BONDS ARE SOMETIMES HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, 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.

PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

SPECIMEN

Chairman, Public Service Board

ATTEST:

SPECIMEN

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $266,835	June 26, 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 $_____

(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:

_____

PUTNAM PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); AND SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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CERTIFICATION
EXHIBIT A

PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $1,050,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), AND $1,050,500 IN AGGREGATE PRINCIPAL AMOUNT OF SERIES 2009 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING ARRA ASSISTANCE AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 2 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public sewerage system of the Issuer, consisting of constructing improvements and renovations to the North Putnam wastewater treatment plant in Hometown, Putnam County, and necessary appurtenances relating thereto, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer 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"), in connection with the West Virginia Water Pollution Control Revolving Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of $2,100,500, in two series, being the (1) Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the aggregate principal amount of $1,050,000 (the "Series 2009 B Bonds") and (2) Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), in the aggregate principal amount of $1,050,500 (the "Series 2009 C Bonds") (collectively, the "Series 2009 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, 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 SRF Administrative Fee (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 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 20 years.

F. It is in the best interests of the Issuer that its Series 2009 B Bonds and Series 2009 C Bonds be sold to the Authority pursuant to the terms and provisions of an ARRA Assistance Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), 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 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) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated October 23, 1975, issued in the original aggregate principal amount of $605,000 (the "Series 1975 Bonds"), (ii) Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated September 12, 1980, issued in the original aggregate principal amount of $2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authority), dated March 30, 1993, issued in the original aggregate principal amount of $267,000 (the "Series 1993 Bonds"), (iv) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated May 2, 1995, issued in the original aggregate principal amount of $1,300,000 (the "Series 1995 Bonds"), (v) Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated March 7, 2002, issued in the original aggregate principal amount of $7,078,000 (the "Series 2002 A Bonds"), (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of $1,422,000 (the "Series 2002 B Bonds"), (vii) Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $4,946,000 (the "Series 2006 A Bonds"), (viii) Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated May 12, 2006, issued in the original aggregate principal amount of $2,104,000 (the "Series 2006 B Bonds"), (ix) Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated March 19, 2007, issued in the original aggregate principal amount of $2,330,000 (the "Series 2007 A Bonds"), (x) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated January 28, 2008, issued in the original aggregate principal amount of $3,680,000 (the "Series 2008 A Bonds"), (xi) Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), dated June 6, 2008, issued in the original aggregate principal amount of $509,000 (the "Series 2008 B Bonds"); and (xii) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000 (the "Series 2009 A Bonds") (collectively referred to as the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2009 Bonds as to liens, pledge and source of and security for payment being the Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia

Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000 (the "Prior Notes").

The Series 2009 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 2009 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 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.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2009 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the ARRA Assistance Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2009 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 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 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 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 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 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"ARRA Assistance Agreement" means the ARRA Assistance Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2009 B Bonds and the Series 2009 C Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2009 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 DEP 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 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for all or a portion of the proceeds of the Series 2009 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 Dunn Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"DEP" means the West Virginia Department of Environmental Protection or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

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

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

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

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

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

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

"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 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF 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 cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2009 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1975 Bonds, Series 1979 Bonds, Series 1993 Bonds, Series 1995 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, Series 2008 B Bonds, and Series 2009 A Bonds.

"Prior Bonds Reserve Accounts" means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Resolutions.

"Prior Notes" means the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A (West Virginia Infrastructure Fund), dated September 8, 2005, issued in the original aggregate principal amount of $2,000,000.

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

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

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank

System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury 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.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2009 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2009 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"RUS Bonds" means the (i) Series 1975 Bonds, (ii) Series 1979 Bonds, (iii) Series 1995 Bonds, (iv) Series 2002 A Bonds, (v) Series 2006 A Bonds, (vi) Series 2006 B Bonds; and (vii) Series 2009 A Bonds.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1975 Bonds" means the Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture) dated October 23, 1975 issued in the original aggregate principal amount of $605,000.

"Series 1979 Bonds" means the Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture) dated September 12, 1980 issued in the original aggregate principal amount of $2,200,000.

"Series 1993 Bonds" means the Sewer Revenue Bonds, Series 1993 (West Virginia Water Development Authority) dated March 30, 1993 issued in the original aggregate principal amount of $267,000.

"Series 1995 Bonds" means the Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture) dated May 2, 1995 issued in the original aggregate principal amount of $1,300,000.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) dated March 7, 2002 issued in the original aggregate principal amount of $7,078,000.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) dated March 7, 2002 issued in the original aggregate principal amount of $1,422,000.

"Series 2006 A Bonds" means the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) dated May 12, 2006 issued in the original aggregate principal amount of $4,946,000.

"Series 2006 B Bonds" means the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) dated May 12, 2006 issued in the original aggregate principal amount of $2,104,000.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) dated March 19, 2007 issued in the original aggregate principal amount of $2,330,000.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) dated January 28, 2008 issued in the original aggregate principal amount of $3,680,000.

"Series 2008 B Bonds" means the Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) dated June 6, 2008 issued in the original aggregate principal amount of $509,000.

"Series 2009 A Bonds" means, the Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 26, 2009, issued in the original aggregate principal amount of $4,520,000.

"Series 2009 Bonds" means, collectively, the Series 2009 B Bonds and the Series 2009 C Bonds.

"Series 2009 B Bonds" means the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Resolution.

"Series 2009 B Bonds Construction Trust Fund" means the Series 2009 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"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, if any, 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 C Bonds" means the Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2009 C Bonds Construction Trust Fund" means the Series 2009 C Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2009 C Bonds Reserve Account" means the Series 2009 C Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2009 C Bonds in the then current year or any succeeding year.

"Series 2009 C Bonds Sinking Fund" means the Series 2009 C Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the ARRA Assistance Agreement for the Series 2009 B Bonds and Series 2009 C Bonds.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2009 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 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as

presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for 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.

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 $2,100,500, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2009 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the DEP.

The cost of the Project is estimated to be $2,100,500, of which approximately $1,050,000 will be obtained from proceeds of the Series 2009 B Bonds and approximately $1,050,500 will be obtained from proceeds of the Series 2009 C Bonds.

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, if any, on the Series 2009 Bonds, funding the respective 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 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 2009 Bonds of the Issuer. The Series 2009 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA)," in the principal amount of $1,050,000, and "Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program)," in the principal amount of $1,050,500, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2009 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2009 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 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 2009 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2009 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 each series of the Series 2009 Bonds. The Series 2009 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 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 Bonds shall cease to be such officer of the Issuer before the Series 2009 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 2009 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 2009 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2009 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2009 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 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 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 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2009 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2009 Bonds or transferring the registered Series 2009 Bonds are exercised, all Series 2009 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2009 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2009 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the

cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2009 Bonds or, in the case of any proposed redemption of Series 2009 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 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2009 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 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2009 B Bonds and the Series 2009 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2009 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2009 Bonds are to be registered upon original issuance, together with

such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2009 Bonds.

Section 3.10. Form of Bonds. The text of each series of the Series 2009 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 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2009 , that 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 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, _____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Series 2009 B Bonds shall not be subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth in the ARRA Assistance Agreement.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and 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 OTHER RESPECTS, WITH THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"), (IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"), (X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS"), (XI) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS"); AND (XII) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS') AND SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED _____, 2009, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2009 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2009 C Bonds and the Prior 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 or junior to the Bonds, including the Series 2009 C Bonds and the Prior 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 or junior to the Bonds, including the Series 2009 C Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of

issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, 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

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

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2009 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2009 , that 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 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, _____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___, as set forth on Exhibit B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the

Project and any further 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 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and 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 OTHER RESPECTS, WITH THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"), (IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"), (X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS"), (XI) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS"); AND (XII) SEWER REVENUE BONDS, SERIES 2009 A

(UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS") (COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS") AND SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED _____, 2009, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2009 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2009 B Bonds and the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2009 C Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2009 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2009 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2009 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, 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

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2009 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective ARRA Assistance Agreements. 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 Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the DEP a schedule, the forms of which will be provided by the DEP, 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) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Resolutions and continued hereby);

(2) Renewal and Replacement Fund (established by the Prior Resolutions and continued hereby);

(3) Rebate Fund (established by the Prior Resolutions and continued hereby);

(4) Series 1975 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(5) Series 1979 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 1995 Bonds Reserve Account (established by the Prior Resolutions and continued hereby); and

(7) Series 2009 B Bonds Construction Trust Fund; and

(8) Series 2009 C Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1993 Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(2) Series 1993 Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(3) Series 2002 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(4) Series 2002 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(5) Series 2002 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(6) Series 2006 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(7) Series 2006 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(8) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(9) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and

continued hereby);

(10) Series 2008 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby)

(11) Series 2008 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(12) Series 2008 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(13) Series 2008 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby); and

(14) Series 2009 A Bonds Reserve Account (established by Prior Resolution and continued hereby)

(15) Series 2009 B Bonds Sinking Fund;

(16) Series 2009 B Bonds Reserve Account;

(17) Series 2009 C Bonds Sinking Fund; and

(18) Series 2009 C Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the National Finance Office the amounts required by the Prior Resolutions to pay interest on the RUS Bonds; and (ii) the Commission the amounts required by Prior Resolution to pay interest on the Series 1993 Bonds, Series 2002 B Bonds, Series 2007 A Bonds and Series 2008 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amounts required by Prior Resolution to pay principal on the RUS Bonds; (ii) to the Commission the amounts required by Prior Resolution to pay principal on the Series 1993 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds and Series 2008 B Bonds; (iii) 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; and (iv) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2009 C Bonds, for deposit in the Series 2009 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 C Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 C 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 simultaneously, transfer from the Revenue Fund and remit (i) to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 1975 Bonds, Series 1979 Bonds and Series 1995 Bonds; (ii) to the Commission the amounts required by Prior Resolution to be deposited in the respective reserve accounts for the Series 1993 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2006 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, Series 2008 B Bonds and Series 2009 A Bonds; (iii) remit 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; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2009 C Bonds, if not fully funded upon issuance of the Series 2009 C Bonds, for deposit in the Series 2009 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 C Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2009 Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Monies in the Series 2009 B Bonds Sinking Fund and Series 2009 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 B Bonds and Series 2009 C Bonds, respectively, as the same shall become due. Monies in the Series 2009 B Bonds Reserve Account and Series 2009 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 B Bonds and Series 2009 C Bonds, respectively, as the same shall come due, when other monies in the Series 2009 B Bonds Sinking Fund and Series 2009 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2009 B Bonds Sinking Fund, the Series 2009 B Bonds Reserve Account, the Series 2009 C Bonds Sinking Fund, and the Series 2009 C Bonds Reserve Account, shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2009 B Bonds and Series 2009 C Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 B Bonds Reserve Account or Series 2009 C Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2009 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 2009 B Bonds Sinking Fund, the Series 2009 B Bonds Reserve Account, the Series 2009 C Bonds Sinking Fund and the Series 2009 C Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2009 B Bonds and the Series 2009 C Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 B Bonds Sinking Fund, the Series 2009 B Bonds Reserve Account, the Series 2009 C Bonds Sinking Fund and the Series 2009 C Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2009 B Bonds Sinking Fund, the Series 2009 B Bonds Reserve Account, the Series 2009 C Bonds Sinking Fund and the Series 2009 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 B Bonds Sinking Fund, the Series 2009 B Bonds Reserve Account, the Series 2009 C Bonds Sinking Fund and the Series 2009 C Bonds Reserve

Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 B Bonds and Series 2009 C 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, if any, and reserve account payments with respect to the Series 2009 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. 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 SRF Administrative Fee 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 along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this

Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2009 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. 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.

B. From the proceeds of the Series 2009 C Bonds, there shall first be deposited with the Commission in the Series 2009 C 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 C Bonds for the period commencing on the date of issuance of the Series 2009 C Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2009 B Bonds, there shall 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.

D. Next, from the proceeds of the Series 2009 C Bonds, there shall be deposited with the Commission in the Series 2009 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2009 C Bonds Reserve Account.

E. 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 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2009 B Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 C Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 C 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 C 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 B Bonds and Series 2009 C Bonds shall be applied as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority 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 of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2009 B Bonds Construction Trust Fund and Series 2009 C Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP, of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement for the Series 2009 B Bonds and Series 2009 C Bonds, in compliance with the construction schedule, and

Pending such application, monies in the respective Bond 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 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 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 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The payment of the debt service of the Series 2009 B Bonds and the Series 2009 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of the Series 2009 B Bonds and the Series 2009 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to the Issuer of 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 Recommended Decision of the Public Service Commission of West Virginia entered April 23, 2009 in Case No. 06-0743-PSD-CN, and such rates are hereby adopted.

So long as the Series 2009 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 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 Series 2009 Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net

proceeds to be realized shall be sufficient to 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 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP and 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, if any, on the Series 2009 Bonds. Any balance remaining after the payment of the Series 2009 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 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 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 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 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the DEP and 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 2009 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP 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 2009 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 RUS Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Holders of the RUS Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the RUS Bonds are no longer outstanding, the following parity requirement shall be met:

So long as the Series 1993 Bonds, Series 2002 B Bonds, Series 2007 A Bonds, Series 2008 A Bonds, Series 2008 B Bonds, Series 2009 B Bonds or Series 2009 C Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently

issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2009 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 Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the DEP and the Authority, 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 DEP and the Authority 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 DEP and the Authority, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the DEP and the Authority, or any other original purchaser of the Series 2009 Bonds, and shall mail in each year to any Holder or Holders of the Series 2009 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 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 Bonds, and shall submit said report to the DEP and the Authority, or any other original purchaser of the Series 2009 Bonds. Such audit report submitted to the DEP and the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the ARRA Assistance Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the 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 DEP and the Authority, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall

also provide the DEP and the Authority, 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 DEP and the Authority with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the ARRA Assistance Agreement for the Series 2009 Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2009 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 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2009 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 2009 B Bonds Reserve Account, the Series 2009 C Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 2009 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 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2009 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 DEP and 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 DEP and 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 DEP and 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 respective ARRA Assistance Agreements, and forward a copy of such report to the DEP and 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 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 DEP and the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP and 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 engineering services satisfactory to the DEP and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the DEP and 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreement for the Series 2009 Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP 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 DEP in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the 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 required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the 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 DEP 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such

house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 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 Bonds and shall be on a parity with 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 DEP with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the DEP and 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.

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 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2009 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 DEP before expending any proceeds of the Series 2009 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and 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 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 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 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2009 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 public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 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 DEP, 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 or the DEP, 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 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2009 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 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs with the Prior 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 2009 Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond

Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2009 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 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 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 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 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 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2009 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2009 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 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 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

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Adopted this 22nd day of October, 2009.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PUTNAM PUBLIC SERVICE DISTRICT on the 22nd day of October, 2009.

Dated: October 29, 2009.

[SEAL]

Secretary

10.05.09
847280.00017

EXHIBIT A

ARRA Assistance Agreement included in bond transcript as Document 3.

Putnam Public Service District
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA); and
Sewer Revenue Bonds, Series 2009 C
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA) AND SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), OF PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution on October 22, 2009 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $1,050,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), AND $1,050,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED

OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING ARRA ASSISTANCE AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA) and Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2009 B Bonds" and the "Series 2009 C Bonds"), in the respective aggregate principal amounts not to exceed $1,050,000 and $1,050,500, and has authorized the execution and delivery of the ARRA assistance agreement relating to the Series 2009 B Bonds and Series 2009 C Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "ARRA Assistance Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 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 has 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 ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF 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 following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,050,000. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2021, and shall bear no interest. The principal of the Series 2009 B Bonds shall be forgivable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011 to and including September 1, 2021, 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 DEP, 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 shall not be subject to the SRF Administrative Fee.

B. Sewer Revenue Bonds, Series 2009 C (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $1,050,500. The Series 2009 C Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2031, and shall bear no interest. The principal of the Series 2009 C Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011, to and including September 1, 2031, 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 C Bonds. The Series 2009 C Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, 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 C Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2009 C Bonds set forth in the "Schedule Y" attached to the ARRA Assistance Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is 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 DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no

interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Reserve Account.

Section 8. 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 9. Series 2009 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 C Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2009 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 C Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2009 B Bonds and the Series 2009 C Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2009 Bonds and related costs.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about October 29, 2009, to the Authority pursuant to the ARRA Assistance Agreement.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys 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 moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A and incorporated herein.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 22nd day of October, 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 22nd day of October, 2009.

Dated: October 29, 2009.

[SEAL]

Secretary

10.05.09
847280.00017

EXHIBIT A

ARRA Special Conditions

A. PUBLIC RELEASE REQUIREMENT – The Local Government 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 Government 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 Government.

C. BUY AMERICAN CERTIFICATION – The Local Government 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 Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government 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 Government 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 DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government 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 DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government 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 Government.

L. FALSE CLAIMS – The Local Government 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 Government 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 Government 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 Government 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 Government 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, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime

contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government 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 Government 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 funded by ARRA funds shall be designated "Series [2009] B" and shall contain "(West Virginia SRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $1,050,000

KNOW ALL MEN BY THESE PRESENTS: The 29th day of October, 2009 , that 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 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 FIFTY THOUSAND DOLLARS ($1,050,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011 to and including September 1, 2021, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Series 2009 B Bonds shall not be subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth in the ARRA Assistance Agreement.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated October 29, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on October 22, 2009, and a Supplemental Resolution duly adopted by the Issuer on October 22, 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 OTHER RESPECTS, WITH THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"), (IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"), (X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS"), (XI) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS"); AND (XII) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS') AND SEWER REVENUE BONDS, SERIES 2009 C (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 29, 2009, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,500 (THE "SERIES 2009 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2009 C Bonds and the Prior 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 or junior to the Bonds, including the Series 2009 C Bonds and the Prior 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 or junior to the Bonds, including the Series 2009 C Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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 the day and year 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: October 29, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $55,188	October 29, 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

10 Years

Dated Date 10/29/2009

Delivery Date 10/29/2009

Period Ending	Debt Service	Principal Forgiveness
10/29/2009		
12/1/2011	-26,250	-26,250
3/1/2012	-26,250	-26,250
6/1/2012	-26,250	-26,250
9/1/2012	-26,250	-26,250
12/1/2012	-26,250	-26,250
3/1/2013	-26,250	-26,250
6/1/2013	-26,250	-26,250
9/1/2013	-26,250	-26,250
12/1/2013	-26,250	-26,250
3/1/2014	-26,250	-26,250
6/1/2014	-26,250	-26,250
9/1/2014	-26,250	-26,250
12/1/2014	-26,250	-26,250
3/1/2015	-26,250	-26,250
6/1/2015	-26,250	-26,250
9/1/2015	-26,250	-26,250
12/1/2015	-26,250	-26,250
3/1/2016	-26,250	-26,250
6/1/2016	-26,250	-26,250
9/1/2016	-26,250	-26,250
12/1/2016	-26,250	-26,250
3/1/2017	-26,250	-26,250
6/1/2017	-26,250	-26,250
9/1/2017	-26,250	-26,250
12/1/2017	-26,250	-26,250
3/1/2018	-26,250	-26,250
6/1/2018	-26,250	-26,250
9/1/2018	-26,250	-26,250
12/1/2018	-26,250	-26,250
3/1/2019	-26,250	-26,250
6/1/2019	-26,250	-26,250
9/1/2019	-26,250	-26,250
12/1/2019	-26,250	-26,250
3/1/2020	-26,250	-26,250
6/1/2020	-26,250	-26,250
9/1/2020	-26,250	-26,250
12/1/2020	-26,250	-26,250
3/1/2021	-26,250	-26,250
6/1/2021	-26,250	-26,250
9/1/2021	-26,250	-26,250
	1,050,000	**1,050,000**

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $1,050,500

KNOW ALL MEN BY THESE PRESENTS: The 29th day of October, 2009, that 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 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 FIFTY THOUSAND FIVE HUNDRED DOLLARS ($1,050,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011, to and including September 1, 2031, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2011, as set forth on Exhibit B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated October 29, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on October 22, 2009, and a Supplemental Resolution duly adopted by the Issuer on October 22, 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 OTHER RESPECTS, WITH THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $605,000 (THE "SERIES 1975 BONDS"), (II) SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,200,000 (THE "SERIES 1979 BONDS"), (III) SEWER REVENUE BONDS, SERIES 1993 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $267,000 (THE "SERIES 1993 BONDS"), (IV) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,300,000 (THE "SERIES 1995 BONDS"), (V) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,078,000 (THE "SERIES 2002 A BONDS"), (VI) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,422,000 (THE "SERIES 2002 B BONDS"), (VII) SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,946,000 (THE "SERIES 2006 A BONDS"), (VIII) SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 12, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,104,000 (THE "SERIES 2006 B BONDS"), (IX) SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 19, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2007 A BONDS"), (X) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,680,000 (THE "SERIES 2008 A BONDS"), (XI) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $509,000 (THE "SERIES 2008 B BONDS"); AND (XII) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 26, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,520,000 (THE "SERIES 2009 A BONDS") (COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS") AND SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED OCTOBER 29, 2009, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 2009 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2009 B Bonds and the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2009 C Bonds Reserve

Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2009 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2009 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2009 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, 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

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: October 29, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $49,837	October 29, 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
0% Interest Rate
1% Administrative Fee
20 Years

Dated Date 10/29/2009
Delivery Date 10/29/2009

Series C

Period Ending	Principal	Interest	Debt Service
10/29/2009			
12/1/2011	13,132		13,132
3/1/2012	13,132		13,132
6/1/2012	13,132		13,132
9/1/2012	13,132		13,132
12/1/2012	13,132		13,132
3/1/2013	13,132		13,132
6/1/2013	13,132		13,132
9/1/2013	13,132		13,132
12/1/2013	13,132		13,132
3/1/2014	13,132		13,132
6/1/2014	13,132		13,132
9/1/2014	13,132		13,132
12/1/2014	13,132		13,132
3/1/2015	13,132		13,132
6/1/2015	13,132		13,132
9/1/2015	13,132		13,132
12/1/2015	13,132		13,132
3/1/2016	13,132		13,132
6/1/2016	13,132		13,132
9/1/2016	13,131		13,131
12/1/2016	13,131		13,131
3/1/2017	13,131		13,131
6/1/2017	13,131		13,131
9/1/2017	13,131		13,131
12/1/2017	13,131		13,131
3/1/2018	13,131		13,131
6/1/2018	13,131		13,131
9/1/2018	13,131		13,131
12/1/2018	13,131		13,131
3/1/2019	13,131		13,131
6/1/2019	13,131		13,131
9/1/2019	13,131		13,131
12/1/2019	13,131		13,131
3/1/2020	13,131		13,131

BOND DEBT SERVICE
Putnam PSD
0% Interest Rate
1% Administrative Fee
20 Years

Period Ending	Principal	Interest	Debt Service
6/1/2020	13,131		13,131
9/1/2020	13,131		13,131
12/1/2020	13,131		13,131
3/1/2021	13,131		13,131
6/1/2021	13,131		13,131
9/1/2021	13,131		13,131
12/1/2021	13,131		13,131
3/1/2022	13,131		13,131
6/1/2022	13,131		13,131
9/1/2022	13,131		13,131
12/1/2022	13,131		13,131
3/1/2023	13,131		13,131
6/1/2023	13,131		13,131
9/1/2023	13,131		13,131
12/1/2023	13,131		13,131
3/1/2024	13,131		13,131
6/1/2024	13,131		13,131
9/1/2024	13,131		13,131
12/1/2024	13,131		13,131
3/1/2025	13,131		13,131
6/1/2025	13,131		13,131
9/1/2025	13,131		13,131
12/1/2025	13,131		13,131
3/1/2026	13,131		13,131
6/1/2026	13,131		13,131
9/1/2026	13,131		13,131
12/1/2026	13,131		13,131
3/1/2027	13,131		13,131
6/1/2027	13,131		13,131
9/1/2027	13,131		13,131
12/1/2027	13,131		13,131
3/1/2028	13,131		13,131
6/1/2028	13,131		13,131
9/1/2028	13,131		13,131
12/1/2028	13,131		13,131
3/1/2029	13,131		13,131
6/1/2029	13,131		13,131
9/1/2029	13,131		13,131
12/1/2029	13,131		13,131
3/1/2030	13,131		13,131

BOND DEBT SERVICE
Putnam PSD
0% Interest Rate
1% Administrative Fee
20 Years

Period Ending	Principal	Interest	Debt Service
6/1/2030	13,131		13,131
9/1/2030	13,131		13,131
12/1/2030	13,131		13,131
3/1/2031	13,131		13,131
6/1/2031	13,131		13,131
9/1/2031	13,132		13,132
	1,050,500 *		**1,050,500**

*Plus a quarterly administrative fee of $1,329.53 for a total Administrative expense of $106,362.40

(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:

_____