RED SULPHUR PUBLIC SERVICE DISTRICT

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: AUGUST 11, 2005

BOND TRANSCRIPT

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RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)

BOND TRANSCRIPT

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RED SULPHUR PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND) AND AUTHORIZING THE FINANCING OF THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF RED SULPHUR PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,150,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 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 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 RED SULPHUR 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. Red Sulphur Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Monroe County of said State.

B. The Issuer presently owns and operates a public combined waterworks and 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 extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer consisting of increasing plant capacity from .223 million gallons per day (mgd) to .75 mgd, upgrading portions of existing collection lines and construction of additional collection lines to serve additional customers in the Red Sulphur District and the Town of Peterstown, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer has heretofore temporarily financed the design of the Project by the issuance of the Combined Waterworks and Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), dated June 15, 1998, issued in the original aggregate principal amount of $180,600 (the "Prior Notes").

D. The Prior Notes were issued pursuant to a resolution of the Issuer previously adopted for such purpose (such resolution, as so amended and supplemented, is here called the "Prior Note Resolution").

E. It is deemed necessary and desirable for the Issuer to refund the Prior Notes to effect the release and termination of certain restrictions, conditions and limitations imposed in the Prior Note Resolution.

F. The Issuer intends to refund the Prior Notes and 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.

G. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $4,150,000 (the "Series 2005 A Bonds"), to refund the Prior Notes and permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2005 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2005 A Bonds Reserve Account (as hereinafter defined); the costs of refunding the Prior Notes;engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority,discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 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 2005 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that its Series 2005 A Bonds be sold to the Authority pursuant to the terms and provisions of 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 (the "Loan Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

J. Upon payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the (i) Combined Waterworks and Sewerage

System Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 21, 2003, issued in the original aggregate principal amount of $1,800,000; (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated July 11, 2002, issued in the original aggregate principal amount of $1,538,500; (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 (United States Department of Agriculture), dated May 20, 1999, issued in the original aggregate principal amount of $156,500; (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992, dated July 14, 1992, issued in the original aggregate principal amount of $1,979,000; (v) an assumed Waterworks Loan, dated November 10, 1977, issued in the original aggregate principal amount of $36,000; (vi) an assumed Waterworks Loan, dated May 3, 1967, issued in the original aggregate principal amount of $50,290, all of which are held by the Rural Utilities Service; and (vii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 A, dated November 16, 1987, issued in the original aggregate principal amount of $738,647, held by the Authority (collectively, the "First Lien Bonds"). The Series 2005 A Bonds will be senior and prior, as to liens, pledge and source of and security for payment, to the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 16, 1987, issued in the original aggregate principal amount of $181,173 (the "Subordinate Bonds"), held by the Authority. The First Lien Bonds and Subordinate Bonds are sometimes collectively herein referred to as the "Prior Bonds".

Prior to the issuance of the Series 2005 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2005 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Subordinate Bonds to the issuance of the Series 2005 A Bonds on a senior and prior basis to the Subordinate 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.

K. The estimated revenues to be derived in each year after the refunding of the Prior Notes and completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

L. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2005 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, 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 2005 A Bonds or such final order will not be subject to appeal or rehearing.

M. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council (the "Council") as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 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 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 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2005 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2005 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 of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2005 A Bonds for all or a portion of the proceeds of the Series 2005 A Bonds from the Authority.

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

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

"Consulting Engineers" means Pentree Incorporated, Princeton, 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.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council, or any successor thereto.

"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.

"First Lien Bonds" means, collectively, the Series 1967 Water Loan, the Series 1977 Water Loan, Series 1987A Bonds, Series 1992 Bonds, Series 1999 Bonds, Series 2002 A Bonds, and the Series 2003 A Bonds.

"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 hereinafter be constituted.

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

"Grant" means all monies received by the Issuer on account of any Grant.

"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.

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

"Loan Agreement" means, collectively, the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2005 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 2005 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 A Bonds 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 2005 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 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 principals and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and the Prior Bonds and into the Reserve Accounts, the Renewal and Replacement Fund and the other funds and accounts established by Article V hereof have been made to the last monthly payment date prior to the date of such retention.

"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 Bond canceled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or any Prior 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 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; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders or Holders of any Prior Bond, any Bond or any Prior Bond 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 2005 A Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the First Lien Bonds and the Subordinate Bonds, as more fully defined and described in Section 1.02J hereof.

"Prior Notes" means the Issuer's Combined Waterworks and Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), dated June 15, 1998, which will be paid in full with the proceeds of the Series 2005 A Bonds on the Closing Date.

"Prior Resolutions" means the resolutions of the Issuer, as supplemented by the supplemental resolutions of the Issuer, authorizing the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"Project" means the Project as described in Section 1.20B 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 agreement, 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 agreement either must mature as nearly as practicable coincident with the maturity of said repurchase agreement or must be replaced or increased so

that the market value thereof is always at least equal to the principal amount of said repurchase agreement, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2005 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts to be on deposit in any Reserve Account for the Prior Bonds and the Series 2005 A Bonds.

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

"RUS Bonds" means the Series 2003 A Bonds, Series 2002 A Bonds, Series 1999 Bonds, Series 1992 Bonds, Series 1977 Water Loan and Series 1967 Water Loan.

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

"Series 1967 Water Loan" means the assumed Waterworks Loan, dated May 3, 1967, issued in the original aggregate principal amount of $50,290.

"Series 1977 Water Loan" means the assumed Waterworks Loan, dated November 10, 1977, issued in the original aggregate principal amount of $36,000.

"Series 1987 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 A, dated November 16, 1987, issued in the original aggregate principal amount of $738,647.

"Series 1992 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992, dated July 14, 1992, issued in the original aggregate principal amount of $1,979,000.

"Series 1999 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 (United States Department of Agriculture), dated May 20, 1999, issued in the original aggregate principal amount of $156,500.

"Series 2002 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated July 11, 2002, issued in the original aggregate principal amount of $1,538,500.

"Series 2003 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 21, 2003, issued in the original aggregate principal amount of $1,800,000.

"Series 2005 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2005 A Bonds Construction Trust Fund" means the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Funds" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Subordinate Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 16, 1987, issued in the original aggregate principal amount of $181,173.

"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 2005 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, all funds and accounts established or continued hereunder.

"System" means the existing combined waterworks and sewerage system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks and sewerage system of the Issuer and all waterworks and 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 combined waterworks and sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the combined waterworks and sewerage system after the completion of the Project.

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

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

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

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 $6,169,160, 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 2005 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed $6,169,160, of which not more than $4,150,000 will be obtained from proceeds of the Series 2005 A Bonds, and approximately $2,019,160 will obtained from a grant by the Council.

Section 2.02. Authorization of Refunding of the Prior Notes. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and all accrued interest on the Prior Notes on the Closing Date. The cost of the refunding will be obtained from the proceeds of the Series 2005 A Bonds. Upon payment in full of the Prior Notes, any pledge in favor of the holders of the Prior Notes imposed by the Prior Notes Resolution are hereby ordered terminated, discharged and released.

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 refunding the Prior Notes, capitalizing interest on the Series 2005 A Bonds, funding a reserve account for the Series 2005 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 2005 A Bonds of the Issuer. The Series 2005 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $4,150,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds remaining after funding of the Series 2005 A Bonds Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2005 A Bonds, if any, shall be deposited in or credited to the Series 2005 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 2005 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2005 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, if any, on the Series 2005 A Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2005 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2005 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2005 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 2005 A Bonds shall cease to be such officer of the Issuer before the Series 2005 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2005 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2005 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 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 2005 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2005 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 2005 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2005 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2005 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2005 A Bonds or transferring the registered Series 2005 A Bonds are exercised, all Series 2005 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2005 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2005 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2005 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2005 A Bonds or, in the case of any proposed redemption of Series 2005 A Bonds, next preceding the date of the selection of Series 2005 A 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 2005 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely

from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds shall be secured 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 First Lien Bonds and senior and prior to the Subordinate Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2005 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 to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2005 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2005 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2005 A Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2005 A Bonds.

Section 3.10. Form of Series 2005 A Bonds. The text of the Series 2005 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
RED SULPHUR PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2005, RED SULPHUR PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Monroe County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

This Bond is issued to: (i) refund the Combined Waterworks and Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (the "Prior Notes"), (ii) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (iii) pay certain costs of issuance of the Bonds of this series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, 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 _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 21, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,800,000; (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,538,500; (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999, DATED MAY 20, 1999 (UNITED STATES DEPARTMENT OF AGRICULTURE), ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $156,500; (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, DATED JULY 14, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,979,000; (5) AN ASSUMED WATERWORKS LOAN, DATED NOVEMBER 10, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $36,000; (6) AN ASSUMED WATERWORKS LOAN, DATED MAY 3, 1967,ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $50,290, ALL HELD BY THE RURAL UTILITIES SERVICE; AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987A, DATED NOVEMBER 16, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $738,647, HELD BY THE AUTHORITY (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 16, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $181,173 (THE "SUBORDINATE BONDS"), HELD BY THE AUTHORITY. THE FIRST LIEN BONDS AND SUBORDINATE BONDS ARE SOMETIMES COLLECTIVELY HEREIN 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 First Lien Bonds and senior and prior to the Subordinate Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 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 120% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Prior Bonds held by the Rural Utilities Service (the "RUS Bonds") are outstanding, and thereafter, 115% of such amount; provided that, when the RUS Bonds are no longer outstanding and so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, RED SULPHUR 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 on 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 2005 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: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By:_____
Its: 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: _____, 2005.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2005 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. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council an amended 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 the Prior Resolutions) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

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

(3) Series 2005 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 2005 A Bonds Sinking Fund; and

(2) Series 2005 A Bonds Reserve Account

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof 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 in the Prior 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 this Bond Legislation and in the Prior Resolutions. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the National Finance Office, the amounts required by the Prior

Resolutions to pay interest on the RUS Bonds; and (ii) to the Commission, for deposit in the Series 1987 A Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay interest on the Series 1987 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and 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, for deposit in the Series 1987 A Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay the principal of the Series 1987 A Bonds; and (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3 of the amount of principal which will mature and become due on the Series 2005 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 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Series 1967 Water Loan, Series 1977 Water Loan, Series 1992 Bonds and Series 1999 Bonds; (ii) to the Commission, the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Series 1987 A Bonds, the Series 2002 A Bonds and the Series 2003 A Bonds; and (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 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 2005 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first dray of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, (i) the amounts required by the Prior Resolutions, so long as the RUS Bonds are outstanding, and (ii) an amount equal to 2 ½ % of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), so long as the Series 2005 A Bonds are outstanding, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with the Prior Resolutions and Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System and as permitted under the Prior Resolutions; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, the amounts required by the 1987 Resolution for the payment of principal and interest on the 1987 B Bonds.

(7) The Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, the amount required by the 1987 Resolution to be deposited therein.

(8) 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 2005 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds, as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2005 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2005 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the respective Series 2005 A Bonds Reserve Account which result in a reduction in the balance of the Series 2005 A Bonds Reserve Account to below the Series 2005 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest, if any, 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 2005 A Bonds Sinking Fund or the Series 2005 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2005 A Bonds and the First Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund and the Series 2005 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 the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the first business day of each month), deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2005 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit copies of said forms along with copies 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 relevant provisions of the Prior Resolutions, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. 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 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Notes Payment Fund, the amounts required to pay in full the entire outstanding principal of and all accrued interest on the Prior Notes.

B. Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 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 2005 A Bonds for the period commencing on the date of issuance of the Series 2005 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2005 A Bonds Reserve Account.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2005 A 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 2005 A Bonds shall be applied as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2005 A Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

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

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

Pending such application, monies in the Series 2005 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 2005 A Bonds within 3 years of the date of issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

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 2005 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 2005 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 2005 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 2005 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds shall be secured by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the Subordinate Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2005 A 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 Orders of the Public Service Commission of West Virginia entered in Case No. 05-0030-PWD-19A (water rates) and in Case No. 04-0032-PSD-CN (sewer rates) and such rates are hereby adopted.

So long as the Series 2005 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 2005 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, mortgage, lease or otherwise dispose of the System, except as provided in the Prior Resolutions. Additionally, so long as the Series 2005 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, with respect to the Series 2005 A Bonds, immediately be remitted to the Commission for deposit in the Series 2005 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2005 A Bonds. Any balance remaining after the payment of the Series 2005 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds 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 the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the 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 2005 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2005 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation 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 2005 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2005 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07 Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 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 2005 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, 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 then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the 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:

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 2005 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 2005 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 shall keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2005 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2005 A Bonds and the Consulting Engineer, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations 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 2005 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2005 A Bonds. Such audit report submitted to the Council and the Authority shall include a statement that notes whether the results of the tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Council 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 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 Council and the Authority with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2005 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the First Lien Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2005 A Bonds, including the First Lien 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 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2005 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget 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 to the Authority and the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to each 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 user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKER'S COMPENSATION COVERAGE, for all employees of or for the system eligible therefor; and performance and payment bonds, such bonds to be in the amounts of not less than 100% of the amount of any 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 System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

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

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

Section 7.16. 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 shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2005 A Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2005 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 shall provide the Council with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the Council 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. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2005 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 and shall take effect immediately upon delivery of the Series 2005 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Securities Laws Compliance. The Issuer shall 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. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 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 2005 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the

written approval of the Council before expending any proceeds of the Series 2005 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Council 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 groundbreaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association 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 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 Series 2005 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate and 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 2005 A Bonds as a condition to issuance of the Series 2005 A Bonds. In addition, the Issuer

covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2005 A Bonds as may be necessary in order to maintain the status of the Series 2005 A 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 2005 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the Council, as the case may be, from which the proceeds of the Series 2005 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2005 A 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 2005 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2005 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 2005 A Bonds set forth in this Bond Legislation, any Supplemental Resolution or in the Series 2005 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs with respect to the Prior Bonds or the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2005 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2005 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2005 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2005 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2005 A Bonds shall be on a parity with the Holders of the First Lien Bonds, and senior and prior to the Subordinate Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2005 A Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Series 2005 A Bonds, any Registered Owner of a Series 2005 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 Series 2005 A Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2005 A Bonds and interest, if any, thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2005 A 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 2005 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 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 2005 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2005 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2005 A Bonds or the rate of interest, if any, 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 Series 2005 A Bonds required for consent to the above-permitted amendments or modifications.

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 2005 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 2005 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. Notices. All notices to be sent to the Issuer, the Authority or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Red Sulphur Public Service District
Post Office Box 457
Red Sulphur, West Virginia 26206
Attention: Chairman

AUTHORITY:

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

Council:

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301
Attention: Executive Secretary

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

Section 11.06. Conflicting Provisions Repealed. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. 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 Red Sulphur Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2005 A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2005 A 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 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 2nd day of August, 2005.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of RED SULPHUR PUBLIC SERVICE DISTRICT on the 2nd day of August, 2005.

Dated: August 11, 2005.

[SEAL]

Secretary

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

06/09/05
742910.00002

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF RED SULPHUR PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Red Sulphur Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective August 2, 2005 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND) AND AUTHORIZING THE FINANCING OF THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF RED SULPHUR PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,150,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM

REVENUE BONDS, SERIES 2005 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 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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer (the "Series 2005 A Bonds"), in the aggregate principal amount not to exceed $4,150,000, and has authorized the execution and delivery of a loan agreement relating to the Series 2005 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Series 2005 A Bonds should be established by a supplemental resolution pertaining to the Series 2005 A Bonds; and that other matters relating to the Series 2005 A Bonds be herein provided for;

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

WHEREAS, the Series 2005 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 Series 2005 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2005 A Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF RED SULPHUR 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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $4,150,000. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2045, and shall bear no interest. The principal of the Series 2005 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2007, and maturing June 1, 2045, 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 2005 A Bonds. The Series 2005 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 2005 A Bonds.

Section 2. All other provisions relating to the Series 2005 A Bonds and the text of the Series 2005 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, incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Series 2005 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that, the proceeds of the Series 2005 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 2005 A Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2005 A 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 (the "Commission"), to serve as Paying Agent for the Series 2005 A Bonds under the Bond Resolution.

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

Section 7. Series 2005 A Bonds proceeds in the amount of $171,504.97 shall be paid to the Commission to pay in full the entire outstanding principal of and all accrued interest on the Prior Notes at closing.

Section 8. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2005 A Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2005 A Bonds and related costs.

Section 11. The Chairman and the Secretary are hereby authorized and directed to execute and deliver such other documents, agreements and certificates required or desirable in connection with the Series 2005 A Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2005 A Bonds may be delivered on or about August 11, 2005, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof with proceeds of the Series 2005 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

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 Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 2nd day of August, 2005.

RED SULPHUR PUBLIC SERVICE DISTRICT

Dennis Libold

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Red Sulphur Public Service District on the 2nd day of August, 2005.

Dated: August 11, 2005.

[SEAL]

Secretary

07/25/05
742910.00002

IC-1
(11/01/04)

LOAN AGREEMENT

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

RED SULPHUR PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

M0461562.1

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

M0461562.1

5. Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 (United States Department of Agriculture), dated May 20, 1999, issued in the original principal amount of $156,500.

6. Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated July 11, 2002, issued in the original principal amount of $1,538,500.

7. Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 21, 2003, issued in the original principal amount of $1,800,000.

$4,150,000

Red Sulphur Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 11, 2005

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2016	27,483.45	-	27,483.45
12/01/2016	27,483.45	-	27,483.45
03/01/2017	27,483.45	-	27,483.45
06/01/2017	27,483.45	-	27,483.45
09/01/2017	27,483.45	-	27,483.45
12/01/2017	27,483.45	-	27,483.45
03/01/2018	27,483.45	-	27,483.45
06/01/2018	27,483.45	-	27,483.45
09/01/2018	27,483.45	-	27,483.45
12/01/2018	27,483.45	-	27,483.45
03/01/2019	27,483.45	-	27,483.45
06/01/2019	27,483.45	-	27,483.45
09/01/2019	27,483.45	-	27,483.45
12/01/2019	27,483.45	-	27,483.45
03/01/2020	27,483.45	-	27,483.45
06/01/2020	27,483.45	-	27,483.45
09/01/2020	27,483.45	-	27,483.45
12/01/2020	27,483.45	-	27,483.45
03/01/2021	27,483.45	-	27,483.45
06/01/2021	27,483.45	-	27,483.45
09/01/2021	27,483.45	-	27,483.45
12/01/2021	27,483.44	-	27,483.44
03/01/2022	27,483.44	-	27,483.44
06/01/2022	27,483.44	-	27,483.44
09/01/2022	27,483.44	-	27,483.44
12/01/2022	27,483.44	-	27,483.44
03/01/2023	27,483.44	-	27,483.44
06/01/2023	27,483.44	-	27,483.44
09/01/2023	27,483.44	-	27,483.44
12/01/2023	27,483.44	-	27,483.44
03/01/2024	27,483.44	-	27,483.44
06/01/2024	27,483.44	-	27,483.44
09/01/2024	27,483.44	-	27,483.44
12/01/2024	27,483.44	-	27,483.44
03/01/2025	27,483.44	-	27,483.44
06/01/2025	27,483.44	-	27,483.44
09/01/2025	27,483.44	-	27,483.44
12/01/2025	27,483.44	-	27,483.44
03/01/2026	27,483.44	-	27,483.44
06/01/2026	27,483.44	-	27,483.44
09/01/2026	27,483.44	-	27,483.44
12/01/2026	27,483.44	-	27,483.44
03/01/2027	27,483.44	-	27,483.44
06/01/2027	27,483.44	-	27,483.44

$4,150,000

Red Sulphur Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 11, 2005

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2038	27,483.44	-	27,483.44
12/01/2038	27,483.44	-	27,483.44
03/01/2039	27,483.44	-	27,483.44
06/01/2039	27,483.44	-	27,483.44
09/01/2039	27,483.44	-	27,483.44
12/01/2039	27,483.44	-	27,483.44
03/01/2040	27,483.44	-	27,483.44
06/01/2040	27,483.44	-	27,483.44
09/01/2040	27,483.44	-	27,483.44
12/01/2040	27,483.44	-	27,483.44
03/01/2041	27,483.44	-	27,483.44
06/01/2041	27,483.44	-	27,483.44
09/01/2041	27,483.44	-	27,483.44
12/01/2041	27,483.44	-	27,483.44
03/01/2042	27,483.44	-	27,483.44
06/01/2042	27,483.44	-	27,483.44
09/01/2042	27,483.44	-	27,483.44
12/01/2042	27,483.44	-	27,483.44
03/01/2043	27,483.44	-	27,483.44
06/01/2043	27,483.44	-	27,483.44
09/01/2043	27,483.44	-	27,483.44
12/01/2043	27,483.44	-	27,483.44
03/01/2044	27,483.44	-	27,483.44
06/01/2044	27,483.44	-	27,483.44
09/01/2044	27,483.44	-	27,483.44
12/01/2044	27,483.44	-	27,483.44
03/01/2045	27,483.44	-	27,483.44
06/01/2045	27,483.44	-	27,483.44
Total	**$4,150,000.00**	**-**	**$4,150,000.00**

Yield Statistics

Bond Year Dollars	$87,380.55
Average Life	21.056 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.33E-10
Bond Yield for Arbitrage Purposes	1.33E-10
All Inclusive Cost (AIC)	1.33E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	21.056 Years

SCHEDULE Z

None.

$4,150,000

Red Sulphur Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 11, 2005

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2038	27,483.44	-	27,483.44
12/01/2038	27,483.44	-	27,483.44
03/01/2039	27,483.44	-	27,483.44
06/01/2039	27,483.44	-	27,483.44
09/01/2039	27,483.44	-	27,483.44
12/01/2039	27,483.44	-	27,483.44
03/01/2040	27,483.44	-	27,483.44
06/01/2040	27,483.44	-	27,483.44
09/01/2040	27,483.44	-	27,483.44
12/01/2040	27,483.44	-	27,483.44
03/01/2041	27,483.44	-	27,483.44
06/01/2041	27,483.44	-	27,483.44
09/01/2041	27,483.44	-	27,483.44
12/01/2041	27,483.44	-	27,483.44
03/01/2042	27,483.44	-	27,483.44
06/01/2042	27,483.44	-	27,483.44
09/01/2042	27,483.44	-	27,483.44
12/01/2042	27,483.44	-	27,483.44
03/01/2043	27,483.44	-	27,483.44
06/01/2043	27,483.44	-	27,483.44
09/01/2043	27,483.44	-	27,483.44
12/01/2043	27,483.44	-	27,483.44
03/01/2044	27,483.44	-	27,483.44
06/01/2044	27,483.44	-	27,483.44
09/01/2044	27,483.44	-	27,483.44
12/01/2044	27,483.44	-	27,483.44
03/01/2045	27,483.44	-	27,483.44
06/01/2045	27,483.44	-	27,483.44
Total	**$4,150,000.00**	**-**	**$4,150,000.00**

Yield Statistics

Bond Year Dollars	$87,380.55
Average Life	21.056 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.33E-10
Bond Yield for Arbitrage Purposes	1.33E-10
All Inclusive Cost (AIC)	1.33E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	21.056 Years

$4,150,000

Red Sulphur Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 11, 2005

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2027	27,483.44	-	27,483.44
12/01/2027	27,483.44	-	27,483.44
03/01/2028	27,483.44	-	27,483.44
06/01/2028	27,483.44	-	27,483.44
09/01/2028	27,483.44	-	27,483.44
12/01/2028	27,483.44	-	27,483.44
03/01/2029	27,483.44	-	27,483.44
06/01/2029	27,483.44	-	27,483.44
09/01/2029	27,483.44	-	27,483.44
12/01/2029	27,483.44	-	27,483.44
03/01/2030	27,483.44	-	27,483.44
06/01/2030	27,483.44	-	27,483.44
09/01/2030	27,483.44	-	27,483.44
12/01/2030	27,483.44	-	27,483.44
03/01/2031	27,483.44	-	27,483.44
06/01/2031	27,483.44	-	27,483.44
09/01/2031	27,483.44	-	27,483.44
12/01/2031	27,483.44	-	27,483.44
03/01/2032	27,483.44	-	27,483.44
06/01/2032	27,483.44	-	27,483.44
09/01/2032	27,483.44	-	27,483.44
12/01/2032	27,483.44	-	27,483.44
03/01/2033	27,483.44	-	27,483.44
06/01/2033	27,483.44	-	27,483.44
09/01/2033	27,483.44	-	27,483.44
12/01/2033	27,483.44	-	27,483.44
03/01/2034	27,483.44	-	27,483.44
06/01/2034	27,483.44	-	27,483.44
09/01/2034	27,483.44	-	27,483.44
12/01/2034	27,483.44	-	27,483.44
03/01/2035	27,483.44	-	27,483.44
06/01/2035	27,483.44	-	27,483.44
09/01/2035	27,483.44	-	27,483.44
12/01/2035	27,483.44	-	27,483.44
03/01/2036	27,483.44	-	27,483.44
06/01/2036	27,483.44	-	27,483.44
09/01/2036	27,483.44	-	27,483.44
12/01/2036	27,483.44	-	27,483.44
03/01/2037	27,483.44	-	27,483.44
06/01/2037	27,483.44	-	27,483.44
09/01/2037	27,483.44	-	27,483.44
12/01/2037	27,483.44	-	27,483.44
03/01/2038	27,483.44	-	27,483.44
06/01/2038	27,483.44	-	27,483.44

$4,150,000

Red Sulphur Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 11, 2005

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2016	27,483.45	-	27,483.45
12/01/2016	27,483.45	-	27,483.45
03/01/2017	27,483.45	-	27,483.45
06/01/2017	27,483.45	-	27,483.45
09/01/2017	27,483.45	-	27,483.45
12/01/2017	27,483.45	-	27,483.45
03/01/2018	27,483.45	-	27,483.45
06/01/2018	27,483.45	-	27,483.45
09/01/2018	27,483.45	-	27,483.45
12/01/2018	27,483.45	-	27,483.45
03/01/2019	27,483.45	-	27,483.45
06/01/2019	27,483.45	-	27,483.45
09/01/2019	27,483.45	-	27,483.45
12/01/2019	27,483.45	-	27,483.45
03/01/2020	27,483.45	-	27,483.45
06/01/2020	27,483.45	-	27,483.45
09/01/2020	27,483.45	-	27,483.45
12/01/2020	27,483.45	-	27,483.45
03/01/2021	27,483.45	-	27,483.45
06/01/2021	27,483.45	-	27,483.45
09/01/2021	27,483.45	-	27,483.45
12/01/2021	27,483.44	-	27,483.44
03/01/2022	27,483.44	-	27,483.44
06/01/2022	27,483.44	-	27,483.44
09/01/2022	27,483.44	-	27,483.44
12/01/2022	27,483.44	-	27,483.44
03/01/2023	27,483.44	-	27,483.44
06/01/2023	27,483.44	-	27,483.44
09/01/2023	27,483.44	-	27,483.44
12/01/2023	27,483.44	-	27,483.44
03/01/2024	27,483.44	-	27,483.44
06/01/2024	27,483.44	-	27,483.44
09/01/2024	27,483.44	-	27,483.44
12/01/2024	27,483.44	-	27,483.44
03/01/2025	27,483.44	-	27,483.44
06/01/2025	27,483.44	-	27,483.44
09/01/2025	27,483.44	-	27,483.44
12/01/2025	27,483.44	-	27,483.44
03/01/2026	27,483.44	-	27,483.44
06/01/2026	27,483.44	-	27,483.44
09/01/2026	27,483.44	-	27,483.44
12/01/2026	27,483.44	-	27,483.44
03/01/2027	27,483.44	-	27,483.44
06/01/2027	27,483.44	-	27,483.44

$4,150,000

Red Sulphur Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 11, 2005

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	27,483.45	-	27,483.45
03/01/2008	27,483.45	-	27,483.45
06/01/2008	27,483.45	-	27,483.45
09/01/2008	27,483.45	-	27,483.45
12/01/2008	27,483.45	-	27,483.45
03/01/2009	27,483.45	-	27,483.45
06/01/2009	27,483.45	-	27,483.45
09/01/2009	27,483.45	-	27,483.45
12/01/2009	27,483.45	-	27,483.45
03/01/2010	27,483.45	-	27,483.45
06/01/2010	27,483.45	-	27,483.45
09/01/2010	27,483.45	-	27,483.45
12/01/2010	27,483.45	-	27,483.45
03/01/2011	27,483.45	-	27,483.45
06/01/2011	27,483.45	-	27,483.45
09/01/2011	27,483.45	-	27,483.45
12/01/2011	27,483.45	-	27,483.45
03/01/2012	27,483.45	-	27,483.45
06/01/2012	27,483.45	-	27,483.45
09/01/2012	27,483.45	-	27,483.45
12/01/2012	27,483.45	-	27,483.45
03/01/2013	27,483.45	-	27,483.45
06/01/2013	27,483.45	-	27,483.45
09/01/2013	27,483.45	-	27,483.45
12/01/2013	27,483.45	-	27,483.45
03/01/2014	27,483.45	-	27,483.45
06/01/2014	27,483.45	-	27,483.45
09/01/2014	27,483.45	-	27,483.45
12/01/2014	27,483.45	-	27,483.45
03/01/2015	27,483.45	-	27,483.45
06/01/2015	27,483.45	-	27,483.45
09/01/2015	27,483.45	-	27,483.45
12/01/2015	27,483.45	-	27,483.45
03/01/2016	27,483.45	-	27,483.45
06/01/2016	27,483.45	-	27,483.45

5. Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 (United States Department of Agriculture), dated May 20, 1999, issued in the original principal amount of $156,500.

6. Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated July 11, 2002, issued in the original principal amount of $1,538,500.

7. Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 21, 2003, issued in the original principal amount of $1,800,000.

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $4,150,000
Purchase Price of Local Bonds $4,150,000

The Local Bonds shall bear no interest. Commencing December 1, 2007, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1. A promissory note, dated May 3, 1967, issued in the original principal amount of $50,290.

2. A promissory note, dated November 10, 1977, issued in the original principal amount of $36,000.

3. Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 A, dated November 16, 1987, issued in the original principal amount of $738,647.

4. Combined Waterworks and Sewerage System Revenue Bonds, Series 1992, dated July 14, 1992, issued in the original principal amount of $1,979,000.

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

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INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

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the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

RED SULPHUR PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

Its: Secretary

By: Dennis Liboll

Its: Chairperson

Date: August 11, 2005

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Barbara B Meadows

Its: Secretary-Treasurer

By: Daniel B. Zerkoski

Its: Director

Date: August 11, 2005

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in

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

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

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

ARTICLE V

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

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

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

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

IC-1
(11/01/04)

LOAN AGREEMENT

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

RED SULPHUR PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
10-20-04

Entered: September 30, 2004

CASE NO. 04-0032-PSD-CN

RED SULPHUR PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct wastewater facilities to upgrade the District's existing wastewater treatment plant and collection system and to construct wastewater collection system extensions.

RECOMMENDED DECISION

On December 8, 2003, the Red Sulphur Public Service District (District) filed a Notice of Intent to file a formal application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of upgrades to its wastewater treatment plant to serve existing and future customers in the Red Sulphur District and the Town of Peterstown, Monroe County, West Virginia. The project will consist of increasing plant capacity from .223 million gallons per day (mgd) to .75 mgd, upgrading portions of existing collection lines and construction of additional collection lines to serve additional customers, with the cost of the project not to exceed $5,330,000.

On December 22, 2003, the District filed a cover letter with sixteen (16) attached documents and its duly verified application for a Certificate of Convenience and Necessity for the District's wastewater system upgrade. The Commission accepted the application for filing on January 8, 2004, since the Notice of Intent was filed on December 8, 2003.

The application included an affidavit of publication of the Notice of Intent. The District demonstrated proper publication of its prefiling notice, Form No. 13, for two (2) consecutive weeks, beginning November 6, 2003, in The Monroe Watchman, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Monroe County, all as required by the Commission's rules.

By Commission Order dated January 8, 2004, the District was directed to provide public legal notice of the application by

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Monroe County, making due return to the Commission of proper certification of publication immediately after publication. The Notice directed that anyone desiring to make objection to the application or to intervene in the proceeding must do so, in writing, within thirty (30) days after the date of publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increases, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day protest period, the Commission could waive formal hearing and grant the application based upon the evidence submitted in the application and the Commission's review thereof.

By Order dated January 9, 2004, the Commission amended the case number designation from Case No. 04-0032-PWD-CN to Case No. 04-0032-PSD-CN.

On January 27, 2004, Staff Attorney Cassius H. Toon filed the Initial Joint Staff Memorandum, to which was attached the Initial Internal Memorandum, dated January 21, 2004, prepared by Jonathan M. Fowler, P.E., Staff Engineer, Engineering Division, and David L. Acord, II, Utilities Analyst Supervisor, Water and Wastewater Division. Mr. Fowler and Mr. Acord reported that, on January 8, 2004, the District had filed a formal application for a Certificate of Convenience and Necessity seeking approval to construct and operate various additions, improvements and extensions to the District's existing wastewater system at a proposed project cost of $5,330,000. Funding sources would include a West Virginia Infrastructure & Jobs Development Council loan of $3,650,000 for forty (40) years at 0% interest and a West Virginia Infrastructure & Jobs Development Council grant for $1,680,000. The District also proposed a significant increase in rates and fees in association with the project, with an estimated increase of 54% for residential customers and 158% for industrial and commercial customers. Technical Staff stated that it needed the following documentation to complete the review: (1) detailed calculations supporting the operations and maintenance expenses utilized in the Rule 42 exhibit; (2) a letter of interim financing, if any is to be used on this project; and (3) an affidavit of publication of the notice of the filing. Staff recommended that the case be referred to the Division of Administrative Law Judges.

On January 27, 2004, Staff Attorney Toon filed the First Set of Interrogatories, Data Requests or Requests for Information by the Staff of the Public Service Commission of West Virginia.

By Order dated February 4, 2004, the Commission referred this proceeding to the Division of Administrative Law Judges with a decision due date of August 5, 2004.

On March 9, 2004, the District filed its responses to the First Set of Interrogatories, Data Requests or Requests for Information. Included in the responses were the WV/NPDES permit and the affidavit of the publication of the Notice of Filing. The District demonstrated

publication of its Notice of Filing for two (2) consecutive weeks, beginning January 29, 2004, in The Monroe Watchman, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Monroe County.

By Order dated May 18, 2004, Staff was required to file the Final Joint Staff Memorandum, originally due April 7, 2004, on or before Friday, May 21, 2004. Alternatively, Staff was required to work with the District to have this proceeding's two-hundred and seventy (270) day statutory period tolled. The District was also required to provide documentation that it had complied with the separate mailing notification requirements on or before Friday, May 28, 2004.

On May 21, 2004, William S. Winfrey, II, counsel for the District, filed a letter in which the District waived the statutory deadline of two hundred and seventy (270) days so that Commission Staff could make a recommendation on the final rates on the basis of the District's Rule 19A case.

By Order dated May 27, 2004, the Commission tolled the statutory deadline by sixty (60) days, until December 3, 2004. The Commission also granted an extension of the due date for the Division of Administrative Law Judges until October 4, 2004.

On June 17, 2004, the District filed the WV/NPDES Permit Number WV0027286, dated May 26, 2004.

By Order dated June 30, 2004, the District was required to submit documentation that it had complied with the separate mailing notification requirements no later than July 12, 2004.

On July 9, 2004, the District filed documentation of the District's separate mailing notification.

On August 25, 2004, Staff Attorney Toon filed the Final Joint Staff Memorandum, to which was attached the Final Internal Memorandum dated August 19, 2004, prepared by Joseph A. Marakovits, Technical Analyst, Engineering Division, and Mr. Acord. Staff reported that the District's application filed on January 8, 2004, is for Phase I (Contracts 1 and 2) of the District's project to replace and/or repair its existing sewage collection system in Peterstown; to extend the sewer main to serve approximately ten (10) customers in the lower end of Orchard along Hansbarger Road; and to upgrade the District's existing wastewater treatment plant. Phase II, currently in the design stage and not part of the instant application, will extend sewer mains to serve the Lindside area.

Staff reported that Phase I consists of three (3) contracts. Contract No. 1, which upgrades the wastewater treatment plant, involves the construction of a new 750,000 gallons-per-day sequential batch reactor (SBR) sewage treatment plant, headworks system, post aeration system, ultraviolet disinfection system, sludge digestor and conditioning system, new influent pumping station, stormwater holding tank and pumping, stormwater chlorination and dechlorination system, and all necessary yard piping, site work, valves, flow meters,

controls and restoration. Contract No. 2, a wastewater collection system upgrade for line A, involves the construction of 15-inch and 8-inch gravity sewer lines, a 16-inch DIP creek crossing, a 6-inch force main sewer line, 36 manholes, steel casing, a new sewage pump station in Orchard with an emergency generator, soil/erosion control, 37 new service lateral connections for 27 existing customers and 10 new customers, 25 reconnections of existing house service lines, existing manhole demolition and all necessary cleanouts, valves and other appurtenances. Deductive Alternate No. 1 on Contract 2 for lines B and C involves constructing an 8-inch gravity sewer line, 46 manholes, soil/erosion control, 12 new service lateral connections for existing customers, 12 reconnections of existing house service lines, existing manhole demolition and all necessary cleanouts, valves and other appurtenances. The project contingency funds are proposed to be used for the wastewater collection system upgrade work on Deductive Alternate No. 1, lines B and C.

The total estimated construction cost of Contract Nos. 1 and 2, including $255,100 for the deductive alternate, is $4,234,350. The project has not been yet put out for bid. Technical Staff opined that the estimated construction costs, with a total project cost of $5,330,000, appear to be reasonable. Technical Staff also opined that the calculated cost of $5,368 per customer is reasonable for a sewer project.

The District proposes to finance the $5,330,000 project with a $3,650,000 West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan at 0% for 40 years and a $1,680,000.00 WVIJDC grant. The project will pay off the existing annual debt service of $5,197.00 for a $180,600 WVIJDC Design Loan. Annual debt service for the $3,650,000.00 loan is $91,250.00. The loan requires the District to fund a 10% debt service reserve equal to $9,125 and a renewal and replacement reserve equal to 2.5% of operating revenues, or $10,446.00. A commitment letter for the WVIJDC loan and grant was provided with the District's application.

The West Virginia Division of Environmental Project has approved the original plans and specifications for this project and has issued an NPDES permit modification for construction of the project. There are no conflicts with this Commission's rules concerning engineering requirements.

Due to the DEP's stringent wasteload allocation and existing site restrictions, the SBR treatment plant was the only technology considered by the project's engineering consultant.

Commission Staff has reviewed the District's Operation and Maintenance (O&M) expenses and has adjusted them from the District's $71,341.00 annual increase to the Staff-recommended $45,319.00, a reduction of $26,022.00. Commission Staff adjusted O&M expenses since the District will not need an additional treatment plant operator until Phase II, the Lindside extension, is constructed. Commission Staff also disallowed $2000.00 for equipment maintenance, since it is not a known and measurable expense. Commission Staff added $500.00 to transportation expenses for sludge hauling.

On July 30, 2004, a Recommended Decision was entered in Case No. 04-0056-PSD-19A in which the Staff-recommended increased rates and charges were approved. The Recommended Decision became a final order of the Commission on August 19, 2004. Staff recommended a 19.86% increase over the District's going-level revenues. Staff also consolidated the District's two (2) tariff schedules and reduced the basis for the minimum bill from 4,000 gallons to 3,000 gallons per month.

Due to the current project, Commission Staff conducted a Class Cost of Service Study (CCSS). As a result of this CCSS, Staff recommended that the volumes for the minimum bill be changed from 3,000 gallons to 2,000 gallons. Staff also recommended changing the recovery of revenues from each class of customer. This recommendation results in a 50.37% increase in revenues over going-level. The Staff's CCSS determined that the residential class should contribute $375,542.00 and the commercial class should contribute $42,514. The Staff-recommended rates provide $375,688.00 in revenues from the residential class and $42,377.00 in revenues from the commercial class. Commission Staff reports that the District's pro forma rates, not cost-based, require the commercial class to subsidize the residential class of customers. Therefore, Commission Staff recommends that its rates, which provide for a minimum bill of $23.00 for up to 2,000 gallons usage and an average bill of $36.10 based upon 4,500 gallons usage, be adopted as fair and equitable to the respective customer classes. Staff reported that its recommended tariff also includes revisions that comply with the Commission's revised tariff rules, which became effective December 24, 2002. Staff also adjusted the incremental charge for leak adjustments to $1.09 per M gallon. The Staff-recommended rates also provide for a cash flow surplus of $16,804.00 and debt coverage of 120.16%. Staff opined that the project is financially feasible and should be approved.

Pursuant to West Virginia Code §§16-13A-25 and 24-2-11, Staff specifically recommended that the District be granted a certificate of convenience and necessity to construct system improvements pursuant to the application's engineering plans and contract documents; that the Commission approve the WVIJDC grant of $1,680,000 and loan of $3,650,000 at 0% for 40 years; that, if additional funding is needed to complete the project as proposed, the District be required to immediately petition the Commission for approval of the same; that the Commission approve the Staff-recommended rates and charges, Staff's level of operating costs and the Staff's CCSS; that the District be required to notify the Commission when its engineer performs the substantial completion inspection; that the District be required to request approval for any necessary project revisions if bids exceed the approved estimated construction costs; that the District be required to submit the necessary engineering and financial data to support any project revisions; and, if there are any changes in the scope of the project or increased financing occurs, the District be required to seek Commission approval before proceeding.

On August 30, 2004, the District filed a letter which stated that the District concurred with and accepted Commission Staff's recommendations.

Upon consideration of all of the above, the undersigned Administrative Law Judge is of the opinion that the requested certificate of convenience and necessity should be granted to the Red Sulphur Public Service District, with the Staff-recommended provisions that any changes in the plans, scope or financing of the project shall require a reopening of the certificate case for adjustments and approval and the District must notify the Commission when the District's engineer has performed the substantial completion inspection.

FINDINGS OF FACT

1. On December 8, 2003, the Red Sulphur Public Service District filed a Notice of Intent to file a formal application for a certificate of convenience and necessity for the construction, operation and maintenance of upgrades to its wastewater treatment plant. (See, December 8, 2003 filing).

2. On January 8, 2004, the Commission accepted the District's duly verified application for a certificate of convenience and necessity for the District's wastewater system upgrade at a cost not to exceed $5,330,000. The project is proposed to be financed by a West Virginia Infrastructure Jobs and Development Council (WVIJDC) loan in the amount of $3,650,000 and a WVIJDC grant of $1,680,000. (See, December 22, 2003 filing and letter from the Office of the Executive Secretary dated January 8, 2004).

3. The District demonstrated proper publication of the prefiling notice, Form No. 13, for two (2) consecutive weeks, beginning November 6, 2003, in The Monroe Watchman, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Monroe County, all as required by the Commission's rules. No letters of protest were received. (See, affidavit of publication filed December 22, 2003; case file generally).

4. The District also demonstrated proper publication of the Notice of Filing for two (2) consecutive weeks, beginning January 29, 2004, in The Monroe Watchman, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Monroe County. No letters of protest were received. (See, affidavit of publication filed March 9, 2004; case file generally).

5. The District also filed documentation of the District's compliance with the separate mailing notification requirement. No letters of protest were received. (See, July 9, 2004 filing; case file generally).

6. The project will increase waste treatment capacity, eliminate inflow and infiltration problems, improve surface water quality and

eliminate the discharge of partially treated and untreated wastewater into Hans Creek. The wastewater system upgrade will allow the District to meet the mandates of the Clean Water Act. (See, December 22, 2003 filing; Final Joint Staff Memorandum filed August 25, 2004, and attachment).

7. The project is expected to cost approximately $5,330,000, or around $5,368 per customer, and will be financed by a WVIJDC loan in the amount of $3,650,000 at 0% for 40 years and a WVIJDC grant in the amount of $1,680,000. (See, Final Joint Staff Memorandum filed August 25, 2004, and attachment).

8. As a result of a CCSS conducted by Commissin Staff, Commission Staff has recommended that the volumes for the minimum bill be reduced from 3,000 gallons to 2,000 gallons. Staff has also recommended a change in the recovery of revenues from each class of customer, which results in a 50.37% increase in revenues over going-level. The Staff-recommended rates provide $375,688.00 in revenues from the residential class and $42,377.00 in revenues from the Commercial class to stop the commercial class from subsidizing the residential class. The Staff-recommended rates provide for a cash flow surplus of $16,804.00 and debt coverage of 120.16%. Operation and maintenance expenses are expected to increase by $45,319.00. (See, Final Joint Staff Memorandum filed August 25, 2004, and attachment).

9. The District's existing rates are insufficient to support the project. Without the adoption of the Staff-recommended rates the District would be approximately $98,552 short in meeting the debt service and reserve requirements for the project. (See, Final Joint Staff Memorandum filed August 25, 2004, and attachment).

10. Although the Staff-recommended rates are greater than the rates which were included in the notice, the notice provided that residential rates would increase approximately 54% due to the project costs. Customers were also notified that individual customers might receive increases that are greater or less than average and that the requested rates and charges were subject to an increase or decrease upon review by this Commission. (See, Final Joint Staff Memoramdum filed August 25, 2004, and attachment; affidavit of publication filed March 9, 2004).

11. Commission Staff supports the project because it shows necessity and is convenient. Staff recommended that the District's application for a certificate of convenience and necessity be approved to construct system improvements as described in the engineering plans and contract documents filed with the Commission; that the WVIJDC grant of $1,680,000 and the WVIJDC loan of $3,650,000, at 0% interest for 40 years, be approved; that if additional funding is needed to complete the proposed project, the District must immediately petition the Commission for approval; that the Staff recommended rates and charges be approved; that the level of operating costs be approved; that the Staff Class Cost of Service Study be approved; that the District be required to notify the Commission when its engineer has performed the substantial completion inspection; if bids exceed the estimated, approved construction costs, the District must request

approval for any necessary project revisions supported by engineering and financial data; and the District must seek Commission approval before proceeding if there are any changes in the scope of the project or increased financing requires the District to seek Commission approval before proceeding. (See, Final Joint Staff Memorandum filed August 25, 2004, and attachment).

12. The District has reviewed Staff's recommendations and has no objection. The District agrees with Staff's recommendations. (See, August 30, 2004 filing).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the project for which the Red Sulphur Public Service District has filed the application herein in order to construct wastewater facilities to upgrade the District's existing wastewater treatment plant and collection system and to construct wastewater collection system extensions.

2. The proposed financing is reasonable and should be approved. The project is economically feasible and fully funded, since the District has a letter of commitment from the West Virginia Infrastructure & Jobs Development Council for both a loan and a grant which cover the cost of the project. The Staff-recommended rates will cover the necessary costs associated with the project.

3. The District should be required to seek Commission approval should the project's scope or the proposed financing change for any reason.

4. It is reasonable to adopt the remaining recommendations set forth by Commission Staff in its Final Joint Staff Memorandum filed herein on August 25, 2004, since the District is in agreement with the Staff recommendations.

5. The District gave proper notice of the filing of its certificate application, to which no letters of protest were filed. Accordingly, no formal hearing is necessary for this certificate application.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by the Red Sulphur Public Service District on January 8, 2004, for a certificate of convenience and necessity to construct wastewater facilities to upgrade the District's existing wastewater treatment plant and collection system and to construct wastewater collection system extensions, be, and hereby is, granted.

IT IS FURTHER ORDERED that the Red Sulphur Public Service District's proposed financing for the project, consisting of a West Virginia Infrastructure & Jobs Development Council loan of $3,650,000 for forty (40) years at 0% interest and a West Virginia Infrastructure & Jobs Development Council grant for $1,680,000, is hereby approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, Staff-level of operating costs and the Staff's Class Cost of Service Study are hereby approved.

IT IS FURTHER ORDERED that the rates attached hereto as Appendix A be, and hereby are, approved for use by the Red Sulphur Public Service District for the provision of sewer service for all service rendered on and after the date that this order becomes final. The District shall file with the Commission an original and five (5) copies of a revised tariff reflecting the attached rates and tariff provisions within thirty (30) days of the date that this order becomes final.

IT IS FURTHER ORDERED that, should the scope or financing of the project change for any reason, the Red Sulphur Public Service District obtain Commission approval thereof before commencing construction.

IT IS FURTHER ORDERED that the Red Sulphur Public Service District request a copy of its final engineering report, affixed with the stamp of the registered professional engineer, certifying that the contents of the report are the findings of that engineer and correct as presented, and file that stamped report with the Public Service Commission.

IT IS FURTHER ORDERED that the Red Sulphur Public Service District provide copies of the project's bids to the Commission as soon as the bids are tabulated.

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

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition

in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Deborah Yost VanDervort
Administrative Law Judge

DYV:bam
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APPENDIX A

CASE NO. 03-1406-PWD-19A
RED SULPHUR PUBLIC SERVICE DISTRICT

APPROVED RATES

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial, and industrial.

RATE (Per 1,000 gallons)

First	2,000 gallons used per month	$11.50 per 1,000 gallons
Next	25,000 gallons used per month	5.24 per 1,000 gallons
Next	75,000 gallons used per month	4.76 per 1,000 gallons
Over	102,000 gallons used per month	4.11 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than $23.00 per month, which is the equivalent of 2,000 gallons.

FLAT RATE CHARGE (Customers with non-metered water supply).
Equivalent of 4,500 gallons of water usage or $36.10 per month.

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

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

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

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

LEAK ADJUSTMENT

$1.09 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 22, 2004

FINAL

12-12-04

CASE NO. 04-0032-PSD-CN

RED SULPHUR PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct wastewater facilities to upgrade the District's existing wastewater treatment plant and collection system and to construct wastewater collection system extensions.

FURTHER RECOMMENDED DECISION

On September 30, 2004, a Recommended Decision was entered in this proceeding which, *inter alia*, approved the Staff-recommended rates and charges, to become effective on October 20, 2004, the date the Recommended Decision became a final order of the Commission.

On October 27, 2004, Staff Attorney Cassius H. Toon filed a Further Joint Staff Memorandum, to which was attached the October 22, 2004 Internal Memorandum, prepared by Joseph A. Marakovits, Technical Analyst, Engineering Division and David L. Acord II, Utilities Analyst Supervisor, Water and Wastewater Division. Mr. Marakovits and Mr. Acord recommended that a Further Order be issued to revise the effective date of the approved rates. Specifically, Mr. Marakovits and Mr. Acord recommended the Order to be revised to reflect that the approved rates are approved for use by the District on and after the date its project engineer certifies that the approved construction is substantially complete.

By Order dated November 16, 2004, the Commission reopened this matter and remanded it to the Division of Administrative Law Judges with a decision due date of December 15, 2004.

As of the date of this order, the District has not objected to the Further Joint Staff Memorandum.

ORDER

IT IS, THEREFORE, ORDERED that the Recommended Decision entered herein on September 30, 2004, be, and it hereby is, revised to modify the effective date for the approved rates to be used by the District. The approved rates are to be used by the District on and after the date the District's project engineer certifies that the approved construction is substantially complete.

IT IS FURTHER ORDERED that, in all other respects, the Recommended Decision entered on September 30, 2004, shall remain in full force and effect.

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 will become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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

Deborah Yost VanDervort

Deborah Yost VanDervort
Administrative Law Judge

DYV:bam
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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 5th day of August, 2005.

CASE NO. 04-0032-PSD-CN (Reopened)

RED SULPHUR PUBLIC SERVICE DISTRICT
Petition to reopen for approval of additional funding.

COMMISSION ORDER

By Recommended Decision entered on September 30, 2004, the Red Sulphur Public Service District (District) was granted a certificate of convenience and necessity to construct wastewater facilities to upgrade its existing wastewater treatment plant and collection system and to construct wastewater collection system extensions. The proposed financing was also approved and consisted of a $3,650,000 West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan at 0% interest payable over forty years, and a $1,680,000 WVIJDC grant. Staff-recommended rates were also approved.[1]

On July 5, 2005, the District filed a petition to reopen for approval of additional financing due to a bid overrun. The District indicated that it had submitted three proposed revised funding options to the WVIJDC and that the additional requested loan amount would not require a rate increase.

On July 13, 2005, a copy of the WVIJDC's revised binding commitment letter was filed. The WVIJDC stated that it had voted "to revise the binding commitment with an additional $500,000 Infrastructure Fund loan (0%, 40 years) and an additional $339,160 Infrastructure Fund grant to complete the funding for this $6,169,160 project."

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[1]By Further Recommended Decision entered on November 22, 2004, the approved rates were ordered to become effective on and after the date the District's project engineer certified that the approved construction was substantially complete.

Commission Staff filed an Initial and Final Joint Staff Memorandum on July 18, 2005. Staff noted that there was no proposed rate increase, due to a $7,216 decrease in Proforma operation and maintenance expenses associated with insurance expense.[2] Based upon specified adjustments to Staff's original cash flow analysis, Staff indicated that the District will have a $3,972 surplus and coverage of $125.58%. Staff recommended approval of the District's petition.

On July 20, 2005, the District concurred with Staff's recommendation.

DISCUSSION

Upon review of all of the foregoing, the Commission finds the District's request to be reasonable. Thus, the District's petition for revised funding will be granted, consisting of an additional $500,000 WVIJDC loan at 0% payable over 40 years, and an additional $339,160 WVIJDC grant.

FINDINGS OF FACT

1. By Recommended Decision entered on September 30, 2004, the District was granted a certificate of convenience and necessity to construct wastewater facilities to upgrade its existing wastewater treatment plant and collection system and to construct wastewater collection system extensions.

2. The District's proposed financing was approved and consisted of a $3,650,000 WVIJDC loan at 0% interest payable over forty years, and a $1,680,000 WVIJDC grant.

3. On July 5, 2005, the District filed a petition to reopen for approval of additional financing due to a bid overrun.

4. On July 13, 2005, a copy of the WVIJDC's revised binding commitment letter was filed, evidencing an additional $500,000 WVIJDC loan at 0%, payable over 40 years, and an additional $339,160 WVIJDC grant.

5. On July 18, 2005, Staff recommended approval of the District's petition.

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[2]Staff also noted that the District's rate Case No. 05-0031-PSD-19A is currently pending and that upon the entry of a Recommended Decision and resolution of the 19A case, the District will likely need to reopen this case to address rate implications.

6. On July 20, 2005, the District concurred with Staff's recommendation.

CONCLUSION OF LAW

The District's petition for revised funding should be granted, consisting of an additional $500,000 WVIJDC loan at 0% payable over 40 years, and an additional $339,160 WVIJDC grant.

ORDER

IT IS, THEREFORE, ORDERED that the Red Sulphur Public Service District's petition to reopen is hereby granted.

IT IS FURTHER ORDERED that Red Sulphur Public Service District's petition for the revised funding, consisting of an additional $500,000 WVIJDC loan at 0% payable over 40 years, and an additional $339,160 WVIJDC grant, is hereby approved.

IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the Red Sulphur Public Service District shall petition the Commission to reopen this proceeding for approval of the same.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

TBS/ljm
040032cc.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

300 Summers Street, Suite980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

July 8, 2005

Porter Robertson, Manager
Red Sulphur Public Service District
P.O. Box 697
Peterstown, West Virginia 24963

Re: Binding Commitment Letter - Revision
Wastewater system project
Wastewater Upgrade Project 96S-250a

Dear Mr. Robertson:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Red Sulphur Public Service District's (the "District") revised funding request for financing its sewer treatment plant upgrade project. Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. At its July 6, 2005 meeting, the Council voted to revise the binding commitment with an additional $500,000 Infrastructure Fund loan (0%, 40 yrs) and an additional $339,160 Infrastructure Fund grant to complete the funding for this $6,169,160 project. All other conditions of that July 9, 2003 binding commitment letter remain in effect. A revised Schedule A is enclosed.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/km

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

Red Sulphur Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Red Sulphur Public Service District
Wastewater Project
Project 96S-250
July 8, 2005

SCHEDULE A

A. Approximate Amount: $4,150,000 Loan
$2,019,160 Grant

B. Loan: $4,150,000

1. Maturity Date: 40 years from date of closing.
2. Interest Rate: 0%
3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition
4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.
5. Special Conditions: None

C. Grant: $2,109,160

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after complete advancement of all loan funding.

2. Special Conditions: None

D. Other Funding Sources: None

E. Total Project Cost: $6,169,160

F. Current & Proposed User Rates: $36.10 / 4500 gallons

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 11th day of August, 2005, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Red Sulphur Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $4,150,000, numbered AR-1 (the "Series 2005 A Bonds").

2. At the time of such receipt, all the Series 2005 A Bonds had been executed by the Chairman and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2005 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2005 A Bonds, of $462,492, being a portion of the principal amount of the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows
Its: Authorized Representative

RED SULPHUR PUBLIC SERVICE DISTRICT

By: Dennis Sibold
Its: Chairman

06/13/05
742910.00002

CH759795.1

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

On this 11th day of August, 2005, Red Sulphur Public Service District (the "Issuer") hereby delivers to you the following:

(1) Bond No. AR-1, constituting the entire original issue of Red Sulphur Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the principal amount of $4,150,000, dated August 11, 2005 (the "Series 2005 A Bonds"), executed by the Chairman and the Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on August 2, 2005, and a Supplemental Resolution duly adopted by the Issuer on August 2, 2005 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Series 2005 A Bonds, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement for the Series 2005 A Bonds, dated August 11, 2005, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"); and

(4) Executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2005 A Bonds.

You are hereby requested and authorized to deliver the Series 2005 A Bonds to the Authority upon payment to the Issuer of the sum of $462,492, representing a portion of the principal amount of the Series 2005 A Bonds. Prior to such delivery of the Series 2005 A Bonds, you will please cause the Series 2005 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

RED SULPHUR PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

07/25/05
742910.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
RED SULPHUR PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $4,150,000

KNOW ALL MEN BY THESE PRESENTS: That on this 11th day of August, 2005, RED SULPHUR PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Monroe 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 FOUR MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS ($4,150,000), 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, 2007, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated August 11, 2005.

This Bond is issued to: (i) refund the Combined Waterworks and Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (the "Prior Notes"), (ii) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (iii) pay certain costs of issuance of the Bonds of this series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, 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 August 2, 2005, and a Supplemental Resolution duly adopted by the Issuer on August 2, 2005 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 21, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,800,000; (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,538,500; (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $156,500; (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, DATED JULY 14, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,979,000; (5) AN ASSUMED WATERWORKS LOAN, DATED NOVEMBER 10, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $36,000; (6) AN ASSUMED WATERWORKS LOAN, DATED MAY 3, 1967,ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $50,290, ALL HELD BY THE RURAL UTILITIES SERVICE; AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987A, DATED NOVEMBER 16, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $738,647, HELD BY THE AUTHORITY (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 16, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $181,173 (THE "SUBORDINATE BONDS"), HELD BY THE AUTHORITY. THE FIRST LIEN BONDS AND SUBORDINATE BONDS ARE SOMETIMES COLLECTIVELY HEREIN 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 First Lien Bonds and senior and prior to the Subordinate Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 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 120% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Prior Bonds held by the Rural Utilities Service (the "RUS Bonds") are outstanding, and thereafter, 115% of such amount; provided that, when the RUS Bonds are no longer outstanding and so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, RED SULPHUR 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 on the day and year first written above.

[SEAL]

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 11, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$462,492	August 11, 2005	(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

Date	Principal	Coupon	Total P+I
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	27,483.45	-	27,483.45
03/01/2008	27,483.45	-	27,483.45
06/01/2008	27,483.45	-	27,483.45
09/01/2008	27,483.45	-	27,483.45
12/01/2008	27,483.45	-	27,483.45
03/01/2009	27,483.45	-	27,483.45
06/01/2009	27,483.45	-	27,483.45
09/01/2009	27,483.45	-	27,483.45
12/01/2009	27,483.45	-	27,483.45
03/01/2010	27,483.45	-	27,483.45
06/01/2010	27,483.45	-	27,483.45
09/01/2010	27,483.45	-	27,483.45
12/01/2010	27,483.45	-	27,483.45
03/01/2011	27,483.45	-	27,483.45
06/01/2011	27,483.45	-	27,483.45
09/01/2011	27,483.45	-	27,483.45
12/01/2011	27,483.45	-	27,483.45
03/01/2012	27,483.45	-	27,483.45
06/01/2012	27,483.45	-	27,483.45
09/01/2012	27,483.45	-	27,483.45
12/01/2012	27,483.45	-	27,483.45
03/01/2013	27,483.45	-	27,483.45
06/01/2013	27,483.45	-	27,483.45
09/01/2013	27,483.45	-	27,483.45
12/01/2013	27,483.45	-	27,483.45
03/01/2014	27,483.45	-	27,483.45
06/01/2014	27,483.45	-	27,483.45
09/01/2014	27,483.45	-	27,483.45
12/01/2014	27,483.45	-	27,483.45
03/01/2015	27,483.45	-	27,483.45
06/01/2015	27,483.45	-	27,483.45
09/01/2015	27,483.45	-	27,483.45
12/01/2015	27,483.45	-	27,483.45
03/01/2016	27,483.45	-	27,483.45
06/01/2016	27,483.45	-	27,483.45

Date	Principal	Coupon	Total P+I
09/01/2016	27,483.45	-	27,483.45
12/01/2016	27,483.45	-	27,483.45
03/01/2017	27,483.45	-	27,483.45
06/01/2017	27,483.45	-	27,483.45
09/01/2017	27,483.45	-	27,483.45
12/01/2017	27,483.45	-	27,483.45
03/01/2018	27,483.45	-	27,483.45
06/01/2018	27,483.45	-	27,483.45
09/01/2018	27,483.45	-	27,483.45
12/01/2018	27,483.45	-	27,483.45
03/01/2019	27,483.45	-	27,483.45
06/01/2019	27,483.45	-	27,483.45
09/01/2019	27,483.45	-	27,483.45
12/01/2019	27,483.45	-	27,483.45
03/01/2020	27,483.45	-	27,483.45
06/01/2020	27,483.45	-	27,483.45
09/01/2020	27,483.45	-	27,483.45
12/01/2020	27,483.45	-	27,483.45
03/01/2021	27,483.45	-	27,483.45
06/01/2021	27,483.45	-	27,483.45
09/01/2021	27,483.45	-	27,483.45
12/01/2021	27,483.44	-	27,483.44
03/01/2022	27,483.44	-	27,483.44
06/01/2022	27,483.44	-	27,483.44
09/01/2022	27,483.44	-	27,483.44
12/01/2022	27,483.44	-	27,483.44
03/01/2023	27,483.44	-	27,483.44
06/01/2023	27,483.44	-	27,483.44
09/01/2023	27,483.44	-	27,483.44
12/01/2023	27,483.44	-	27,483.44
03/01/2024	27,483.44	-	27,483.44
06/01/2024	27,483.44	-	27,483.44
09/01/2024	27,483.44	-	27,483.44
12/01/2024	27,483.44	-	27,483.44
03/01/2025	27,483.44	-	27,483.44
06/01/2025	27,483.44	-	27,483.44
09/01/2025	27,483.44	-	27,483.44
12/01/2025	27,483.44	-	27,483.44
03/01/2026	27,483.44	-	27,483.44
06/01/2026	27,483.44	-	27,483.44
09/01/2026	27,483.44	-	27,483.44
12/01/2026	27,483.44	-	27,483.44
03/01/2027	27,483.44	-	27,483.44
06/01/2027	27,483.44	-	27,483.44

Date	Principal	Coupon	Total P+I
09/01/2027	27,483.44	-	27,483.44
12/01/2027	27,483.44	-	27,483.44
03/01/2028	27,483.44	-	27,483.44
06/01/2028	27,483.44	-	27,483.44
09/01/2028	27,483.44	-	27,483.44
12/01/2028	27,483.44	-	27,483.44
03/01/2029	27,483.44	-	27,483.44
06/01/2029	27,483.44	-	27,483.44
09/01/2029	27,483.44	-	27,483.44
12/01/2029	27,483.44	-	27,483.44
03/01/2030	27,483.44	-	27,483.44
06/01/2030	27,483.44	-	27,483.44
09/01/2030	27,483.44	-	27,483.44
12/01/2030	27,483.44	-	27,483.44
03/01/2031	27,483.44	-	27,483.44
06/01/2031	27,483.44	-	27,483.44
09/01/2031	27,483.44	-	27,483.44
12/01/2031	27,483.44	-	27,483.44
03/01/2032	27,483.44	-	27,483.44
06/01/2032	27,483.44	-	27,483.44
09/01/2032	27,483.44	-	27,483.44
12/01/2032	27,483.44	-	27,483.44
03/01/2033	27,483.44	-	27,483.44
06/01/2033	27,483.44	-	27,483.44
09/01/2033	27,483.44	-	27,483.44
12/01/2033	27,483.44	-	27,483.44
03/01/2034	27,483.44	-	27,483.44
06/01/2034	27,483.44	-	27,483.44
09/01/2034	27,483.44	-	27,483.44
12/01/2034	27,483.44	-	27,483.44
03/01/2035	27,483.44	-	27,483.44
06/01/2035	27,483.44	-	27,483.44
09/01/2035	27,483.44	-	27,483.44
12/01/2035	27,483.44	-	27,483.44
03/01/2036	27,483.44	-	27,483.44
06/01/2036	27,483.44	-	27,483.44
09/01/2036	27,483.44	-	27,483.44
12/01/2036	27,483.44	-	27,483.44
03/01/2037	27,483.44	-	27,483.44
06/01/2037	27,483.44	-	27,483.44
09/01/2037	27,483.44	-	27,483.44
12/01/2037	27,483.44	-	27,483.44
03/01/2038	27,483.44	-	27,483.44
06/01/2038	27,483.44	-	27,483.44

Date	Principal	Coupon	Total P+I
09/01/2038	27,483.44	-	27,483.44
12/01/2038	27,483.44	-	27,483.44
03/01/2039	27,483.44	-	27,483.44
06/01/2039	27,483.44	-	27,483.44
09/01/2039	27,483.44	-	27,483.44
12/01/2039	27,483.44	-	27,483.44
03/01/2040	27,483.44	-	27,483.44
06/01/2040	27,483.44	-	27,483.44
09/01/2040	27,483.44	-	27,483.44
12/01/2040	27,483.44	-	27,483.44
03/01/2041	27,483.44	-	27,483.44
06/01/2041	27,483.44	-	27,483.44
09/01/2041	27,483.44	-	27,483.44
12/01/2041	27,483.44	-	27,483.44
03/01/2042	27,483.44	-	27,483.44
06/01/2042	27,483.44	-	27,483.44
09/01/2042	27,483.44	-	27,483.44
12/01/2042	27,483.44	-	27,483.44
03/01/2043	27,483.44	-	27,483.44
06/01/2043	27,483.44	-	27,483.44
09/01/2043	27,483.44	-	27,483.44
12/01/2043	27,483.44	-	27,483.44
03/01/2044	27,483.44	-	27,483.44
06/01/2044	27,483.44	-	27,483.44
09/01/2044	27,483.44	-	27,483.44
12/01/2044	27,483.44	-	27,483.44
03/01/2045	27,483.44	-	27,483.44
06/01/2045	27,483.44	-	27,483.44
Total	**$4,150,000.00**	**-**	**$4,150,000.00**

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

07/30/05
742910.00002

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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

Writer's Contact Information

August 11, 2005

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

Red Sulphur Public Service District
Peterstown, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, 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 Red Sulphur Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $4,150,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 11, 2005 , including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2007, and maturing June 1, 2045, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 31, Article 15A and Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) refunding the Combined Waterworks and Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (the "Prior Notes"); (ii) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

TERRALEX

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on August 2, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 2, 2005 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System on a parity with respect to liens, pledge and source of and security for payment with the First Lien Bonds and senior and prior as to liens, pledge and source of and security for payment to the Subordinate Bonds.

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

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

7. The Prior Notes have been paid within the meaning and with the effect expressed in the Notes Resolution, and the covenants, agreements and other obligations of the Issuer to the registered owners of the Prior Notes have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission stating that it has received payment for the entire outstanding principal of and all accrued interest on the Prior Notes and that the Prior Notes have been paid in full.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

07/25/05
742910.00002

LAW OFFICES
WILLIAM S. WINFREY, II
W. VA. STATE BAR 4093
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PRINCETON, WV 24740

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304-425-7340

FILE NO.

August 11, 2005

Red Sulphur Public Service District
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

Red Sulphur Public Service District
Peterstown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Red Sulphur Public Service District, a public service district, in Monroe County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, the loan agreement for the Bonds, dated August 11, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a Bond Resolution duly adopted by the Issuer on August 2, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 2, 2005 (collectively, the "Bond Legislation"), orders of The County Commission of Monroe County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds (the "Bonds") and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

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

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from The County Commission of Monroe County, the West Virginia Infrastructure and Jobs Development Council, the West Virginia Department of Environmental Protection and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Orders of the Public Service Commission of West Virginia entered on September 30, 2004, November 22, 2004 and August 5, 2005, in Case No. 04-0032-PSD-CN, among other things, granting the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates for the System. The time for appeal of the Orders dated September 30, 2004 and November 22, 2004 have expired prior to the date hereof without any appeal. The time for appeal of the Order dated August 5, 2005, has not expired on the date hereof. The Issuer and the other parties to such Order have stated that they do not intend to appeal such Order. All Orders remain in full force and effect.

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

8. I have ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and verified such insurance policies or binders and such bonds for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the

proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

William S. Winfrey, II
WVSB # 4093

07/25/05
742910.00002

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August 11, 2005

FILE NO.
02-254

Red Sulphur Public Service District
P.O. Box 697
Peterstown WV 24963

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

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

John C. Stump
Steptoe & Johnson
P.O. Box 1588
Charleston WV 25326-1588

Re: Final Title Opinion for Red Sulphur Public Service District

Ladies and Gentlemen:

I am counsel to Red Sulphur Public Service District (the "Issuer") in connection with a proposed project to construct improvements to the Wastewater Treatment Plant and related extensions (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. The Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Department of Environmental Protection.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

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

4. I have examined the records on file in the Office of the Clerk of the County Commission of Monroe County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Monroe County to protect the legal title to and interest of the Issuer.

Very truly yours,

William S. Winfrey, II

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and SECRETARY of the PUBLIC SERVICE BOARD of RED SULPHUR PUBLIC SERVICE DISTRICT in Monroe County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify, on this the 11th day of August, 2005, in connection with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Series 2005 A Bonds" or the "Bonds") as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond

Resolution of the Issuer duly adopted August 2, 2005, and the Supplemental Resolution duly adopted August 2, 2005 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

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

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

Upon payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 21, 2003, issued in the original aggregate principal amount of $1,800,000; (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated July 11, 2002, issued in the original aggregate principal amount of $1,538,500; (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 (United States Department of Agriculture), dated May 20, 1999, issued in the original aggregate principal amount of $156,500; (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992, dated July 14, 1992, issued in the original aggregate principal amount of $1,979,000; (v) an assumed Waterworks Loan, dated November 10, 1977, issued in the original aggregate principal amount of $36,000; (vi) an assumed Waterworks Loan, dated May 3, 1967, issued in the original aggregate principal amount of $50,290, all of which are

held by the Rural Utilities Service; and (vii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987, dated November 16, 1987 A, issued in the original aggregate principal amount of $738,647, held by the Authority (collectively, the "First Lien Bonds"). The Series 2005 A Bonds will be senior and prior, as to liens, pledge and source of and security for payment, to the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 16, 1987, issued in the original aggregate principal amount of $181,173 (the "Subordinate Bonds"), held by the Authority. The First Lien Bonds and Subordinate Bonds are sometimes collectively herein referred to as the "Prior Bonds".

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2005 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Subordinate Bonds to the issuance of the Series 2005 A Bonds on a senior and prior basis to the Subordinate 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.

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

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation, Merger and Expansion of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication of Notice of Pre-Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

West Virginia Infrastructure Fund Grant Agreement

1967, 1977, 1987, 1992, 1999, 2002 and 2003 Resolutions

Consent of USDA to Issuance of Parity Bonds

Consent of WDA to Issuance of Parity Bonds

NPDES Permit

Revised Operating Agreement with the Town of Peterstown

Evidence of Insurance

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

Name	Date of Commencement of Office	Date of Termination of Office
Dennis Sibold	October 1, 2001	October 1, 2007
John S. Porterfield	August 3, 2005	August 2, 2011
Robert M. Williams, Sr.	August 3, 2005	August 2, 2011

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2005 are as follows:

Chairman - Dennis Sibold
Secretary/Treasurer - John S. Porterfield

The duly appointed and acting counsel to the Issuer is William S. Winfrey, II, Esquire, Princeton, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreement is in full force and effect.

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

11. RATES: The Issuer has received the Orders of the Public Service Commission of West Virginia (the "Commission") entered on September 30, 2004, and November 22, 2004, in Case No. 04-0032-PSD-CN, approving the sewer rates and charges for the System and on July 20, 2005, in Case No. 05-0030-PWD-19A, approving the water rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the July 20, 2005 Order has not expired on the date hereof. The Issuer hereby certifies that it will not appeal such Order and the other parties

to such Order have stated that they do not intend to appeal such Order. All Orders remain in full force and effect.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Orders of the Commission entered on September 30, 2004, November 22, 2004, and August 5, 2005, in Case No. 04-0032-PSD-CN, among other things, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Orders dated September 30, 2004 and November 22, 2004, has expired prior to the date hereof without any appeal. The time for appeal of the Order of August 5, 2005, has not expired on the date hereof. The Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. All Orders remain in full force and effect.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $462,492 from the Authority and the Council, being a portion of the principal amount of the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Series 2005 A Bonds.

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

17. GRANTS: As of the date hereof, the grant from the West Virginia Infrastructure Fund in the amount of $2,019,160 is committed and in full force and effect.

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 Bonds.

19. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: Unless it shall hereafter be qualified for an exception, the Issuer shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act"), and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Issuer hereby certifies to the Council and the Authority that (i) the Issuer will comply with all the requirements of the West Virginia Jobs Act; (ii) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (iii) the Issuer has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (iv) the Issuer will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The Issuer will also certify in the monthly requisitions submitted to the Council that the Issuer is monitoring compliance by its contractors and subcontractors and that the required information has been be submitted.

20. INTERMUNICIPAL AGREEMENT: The Issuer has obtained the approval of the revised operating agreement between the Issuer and the Town of Peterstown from the Commission by the Recommended Decision dated January 10, 2005 and the Commission Order dated May 4, 2005 in Case No. 04-1443-WS-C and the Issuer hereby certifies that it will promptly and diligently approve and execute said agreement and file an executed copy with the Commission prior to 50% of the proceeds of the Series 2005 A Bonds being disbursed.

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

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

07/25/05
742910.00002

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

07/25/05
742910.00002

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Robert D. Hazelwood, Registered Professional Engineer, West Virginia License No. 8452, of Pentree Incorporated, Princeton, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of Red Sulphur Public Service District (the "Issuer") to be constructed primarily in Monroe County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution adopted by the Issuer on August 2, 2005, as supplemented, and the Loan Agreement, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 11, 2005 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying in full the entire outstanding principal of and all accrued interest on the Prior Notes; (ii) paying a portion of the costs of acquisition and construction of the Project; and (iii) paying certain costs of issuance hereof and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B, attached hereto as Exhibit A and the Issuer's counsel, William S. Winfrey, II, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such

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

WITNESS my signature and seal on this 11th day of August, 2005.

ROBERT D. HAZELWOOD
REGISTERED
(SEAL) 8452
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

PENTREE, INCORPORATED

Robert D. Hazelwood

Robert D. Hazelwod, P.E.
West Virginia License No. 8452

07/25/05

CH917004.2

EXHIBIT A

Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing

Red Sulphur PSD
IJDC No. 96S-250
Schedule B

A. COST OF PROJECT		TOTAL	IJDC loan / grant
1 Construction			
Contract 1 (WWTP)	Famco	4,036,530.00	4,036,530.00
Contract 2 (collection)	Diversified	969,400.00	969,400.00
Equipment(sludge removal vehicle)		70,000.00	70,000.00
2 Technical Services	Pentree		
a. Planning Phase		10,000.00	10,000.00
b. Basic Services		254,289.00	254,289.00
c. Inspection/Post Const. Services		199,000.00	199,000.00
d. Additional Services		77,461.00	77,461.00
3 Legal & Fiscal			
a. Legal	Winfrey	32,000.00	32,000.00
b. Accounting	Feamster	3,500.00	3,500.00
4 Administrative	PSD	16,490.00	16,490.00
5 Sites & Other Lands			
a. Land acquisition / ROW		30,000.00	30,000.00
6 Misc. (Design Loan Repay & PSD Reimb.)		171,000.00	171,000.00
7 Contingency	5%	273,990.00	273,990.00
8 TOTAL of Lines 1 through 7		6,143,660.00	6,143,660.00
B. COST OF FINANCING			
9 Funded Reserve		0.00	0.00
10 Other Costs			
a. Registrar fees		500.00	500.00
b Bond Counsel	Steptoe & Johnson	25,000.00	25,000.00
11 Cost of Issuance		25,500.00	25,500.00
12 TOTAL PROJECT COST line 9 plus line 11		6,169,160.00	6,169,160.00
C. SOURCES OF OTHER FUNDS			
13 Federal Grants			
14 State Grants	(IJDC)	2,019,160.00	2,019,160.00
15 Other Grants			
16 Any Other Source			
17 TOTAL GRANTS Lines 14 through 16		2,019,160.00	2,019,160.00
18 Size of Bond Issue	(IJDC)	4,150,000.00	4,150,000.00

Porter Robertson
Red Sulphur Public Service District

July 19 2005
Date

Robert D. Hazlewood
Pentree, Inc.

July 14 2005
Date

Jeffrey S. Feamster, CPA

Jeffrey S. Feamster
Certified Public Accountant
P.O. Box 982
Lewisburg, West Virginia 24901

Phone: (304) 647-5980
Fax: (801) 640-8611
Cellular: (304) 667-5990
Email: jeff@mcswv.com

August 11, 2005

Red Sulphur Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

Red Sulphur Public Service District
Peterstown, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Order of the Public Service Commission of West Virginia in Case No. 04-0032-PSD-CN, dated October 20, 2004, and the water rates and charges set forth in the Order of the Public Service Commission in Case No. 05-0030-PWD-19A, dated July 20, 2005, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Pentree, Incorporated, Consulting Engineer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system (the "System") of Red Sulphur Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Series 2005 A Bonds") and all other obligations secured by or payable from the revenues of the System on a parity with or junior to the Series 2005 A Bonds, including the Prior Bonds.

It is my further opinion that (i) 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 2005 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2005 A Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds, and the Series 2005 A Bonds, and (ii) the Net Revenues for the fiscal year following the year in which the Series 2005 A Bonds are issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2005 A Bonds.

Very truly yours,

Jeffrey S. Feamster, CPA

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Red Sulphur Public Service District in Monroe County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $4,150,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Series 2005 A Bonds," or the "Bonds") hereby certifies, on this 11th day of August, 2005, as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on August 11, 2005, as supplemented (the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 11, 2005, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Bonds were sold on August 11, 2005, to the Authority, pursuant to the Loan Agreement dated August 11, 2005, by and between the Issuer and the Authority, on behalf of the Council, for the purchase price of $4,150,000, at which time, the Issuer received $462,492, being the first advance of the principal amount of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying in full the entire outstanding principal of and all accrued interest on the Issuer's Combined Waterworks and Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (the "Prior Notes"); (ii) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (iii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds on expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2005 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September, 2007. The acquisition and construction of the Project is expected to be completed by June, 2007.

8. The total cost of the Project is estimated at $ 6,169,160. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of Series 2005 A Bonds	$ 4,150,000.00
Proceeds of Infrastructure Council Grant	$ 2,019,160.00
TOTAL SOURCES	$ 6,169,160.00
USES	
Costs of Acquisition and Construction of the Project	$ 5,972,155.03
Payment in full of Prior Notes	$ 171,504.97
Costs of Issuance	$ 25,500.00
TOTAL USES	$ 6,169,160.00

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2005 A Bonds, as more fully described herein:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2005 A Bonds Construction Trust Fund;

(4) Series 2005 A Bonds Sinking Fund; and

(5) Series 2005 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited in the Series 2005 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

11. Monies held in the Series 2005 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. Monies in the Series 2005 A Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Bonds as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor. All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and Series 2005 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2005 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 22 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2005 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 25 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2005 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2005 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2005 A Bonds Reserve Account hold amounts equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2005 A Bonds Reserve Account and the Series 2005 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

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

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

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

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

[Remainder of Page Intentionally Left Blank]

WITNESS my signature as of the day and year first written above.

RED SULPHUR PUBLIC SERVICE DISTRICT

By: Dennis LeBoll
Its: Chairman

07/25/05
742910.00002

J. E. [illegible]

Having been erroneously charged $2.00 capitation tax which had been [illegible] Assessor, as shown by Receipt No. 1151.

It is therefore ordered that the said applicant be refunded, or given credit [illegible] the amount of $2.00 capitation tax.

FIDUCIARY SETTLEMENTS AND [illegible] ALREADY APPROVED

Decedent or Ward.	Fiduciary.	Kind of Settl.	[illegible]
G. C. Shaver, Dec'd.	Pearl Shaver, Exect.	F. Set'l.	[illegible]
William Ashby Young, Dec'd.	Leighton Dransfield, Exec.	F. Settl.	[illegible]
Sidney C. Skaggs, Dec'd.	Charles P. Skaggs, Admr.	F. Set'l.	[illegible]
E. H. Wiley, Dec'd.	Lorana E. Wiley, Exec.	F. Settl.	[illegible]
Mary E. Nash, Dec'd.	J. Frank and Ralph Nash, Admr.	F. Settl.	[illegible]
C. W. Thompson, Dec'd. Mattie B. Thompson, Inc.	Pearl Pence, Admr. Pearl Pence, Com.	F. Settl.	[illegible]

And the foregoing settlements having been examined and the Court hereby approves and confirms said settlements and orders the same recorded in the proper Fiduciary [illegible] of this Court.

And, upon the recommendation of [illegible] Bion, one of the Commissioners of Accounts of this Court, Pearl Shaver, Executrix of the estate of G. C. Shaver, Leighton Dransfield, Executor of the estate of William Ashby Young, deceased, and Charles P. Skaggs, Administrator of the estate of Sidney C. Skaggs, deceased, be relieved and the surety on their bonds be relieved from any further liability in connection with the settlements of the estates herein reported.

And, further upon the recommendation of Forrest Holes, one of the Commissioners of Accounts of this Court, Lorana E. Wiley, Executrix of the estate of E. H. Wiley, deceased, J. Frank and Ralph Nash, Administrators of the estate of Mary E. Nash, deceased, and Pearl Pence, Administratrix and Committee of C. W. Thompson, deceased and Mattie B. Thompson, Incompetent, be relieved and the surety on their bonds be relieved from any further liability in connection with the settlements of the estates herein reported.

[illegible]

PROPOSING CREATION OF PUBLIC SERVICE DISTRICT

At a regular meeting of the County Court of Monroe County, West Virginia, held [illegible] the courthouse on the 6th day of April, 1959, at 10:00 A. M., there were present [illegible] Cook, President, and H. L. Walkup and Charles P. Hines, Commissioners. [illegible] duced and caused to be read a proposed resolution and [illegible] entitled:

" A Resolution and Order Proposing the Creation of a Public Service District [illegible] Monroe County, West Virginia, and Providing for the Establishment of a Board of [illegible] Hearing Thereon and for Publication of a Notice of such Public Hearing",

and moved the adoption of said proposed resolution and order. Commissioner Hines seconded said motion and, after due consideration, the President called for a vote upon said motion [illegible] with the following result:

For the Motion: Hugh G. Cook, President, H. L. Walkup, Commissioner, Charles

"WHEREAS, the County Court of Monroe County, deeming it to be in the public [illegible] on its own motion proposes the creation of a public service district within Monroe [illegible] West Virginia; and

"WHEREAS, the Town Council of the Town of Peterstown, a municipal corporation located wholly within the proposed public service district, has given its consent to the creation of said public service district, which consent is evidenced by a resolution [illegible] ed by the said Town Council on the 10th day of March, 1959, at a regular adjourned meeting of said council, a certified copy of which has been filed with the Clerk of this [illegible] day, which said resolution is as follows:

BE IT RESOLVED, That the Town Council of the Town of Peterstown [illegible] is necessary for the health and sanitation of the said Town and its [illegible] itants of areas adjacent to the Town that the sewer system of the Town be [illegible] making of certain additions thereto and extensions thereof, including the [illegible] primary sewage treatment plant or arrangement with some other municipality or [illegible] body operating a primary sewage treatment plant to treat the sewage [illegible] sewerage system of the said Town; and

BE IT FURTHER RESOLVED, That Dennis N. Leary, Jr., Civil Engineer of Beckley, West Virginia, and W. H. Pile, Jr., Attorney at Law, Beckley, West Virginia, are hereby [illegible] by the Town of Peterstown as engineer and attorney respectively to render necessary engineering and legal services respectively to accomplish this end; and

BE IT FURTHER RESOLVED, that the Town Council finds that the most practical way of accomplishing this end is the formation of a Public Service District by the County Court of this County with the power to provide sewerage and water services if deemed necessary for the said area, the said Public Service District to include all of Red Sulphur District of said county, which includes all of the area of the Town of Peterstown; and

BE IT FURTHER RESOLVED, That the Town Council of the Town of Peterstown does hereby consent to the Town of Peterstown being included within the boundaries of such proposed district and does hereby request the County Court of Monroe County to form such district.

I, James F. Webb, Recorder of the Town of Peterstown, West Virginia, do hereby certify that the foregoing resolution was duly adopted by the Council of the Town of Peterstown at a regular adjourned meeting of said Council held on the 10th day of [illegible] 1959, at 7:30 o'clock P. M.

James F. Webb
Recorder
Town of Peterstown

and

"WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the Code of West Virginia, a public hearing is required to be held relative to the creation of the proposed public service district.

"NOW, THEREFORE, BE IT RESOLVED AND ORDERED the the County Court of Monroe County West Virginia, as follows:

"Section 1. That the County Court of Monroe County, West Virginia, deeming it to be in the public interest, hereby proposes the creation of a public service district within Monroe County, West Virginia, as provided by Article 13A of Chapter 16 of the Code of West Virginia.

"Section 2.

"b) The territory to be embraced in the public service district shall [illegible] All of Red Sulphur District, Monroe County, West Virginia.

"c) The purpose of said public service district shall be to construct or acquire by purchase or otherwise and maintain, operate and improve and extend properties [illegible] sewerage services within such territory.

"d) The territory described above does not include within its limits the [illegible] of any other public service district organized under Article 13A of Chapter 16, Code of West Virginia, but does include the municipal corporation of the Town of Peterstown.

"Section 3. That on the 4th day of May, 1959, at the hour of 10:30 A. M. this County Court shall meet in the Circuit Courtroom in the courthouse at Union, 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 and shall have an opportunity to be heard for and against the creation of said district, and, at such hearing, the County Court shall consider and determine the feasibility of the [illegible] the proposed public service district.

"Section 4. That the Clerk of this Court is hereby authorized and directed [illegible] notice of such hearing in substantially the form hereinafter set out to be published April 23 and April 30, 1959 in The Monroe Watchman, a newspaper of general circulation [illegible] published in Monroe County.

"NOTICE OF PUBLIC HEARING ON CREATION OF RED SULPHUR PUBLIC SERVICE DISTRICT

"Notice is hereby given that, deeming it to be in the public interest, the County Court of Monroe County, West Virginia on its own motion, it having received the consent of the Town Council of the Town of Peterstown, a municipal corporation lying within the limits of said proposed district, as required by law, has proposed the creation of a public service district within Monroe County for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation and extension of public service properties supplying sewerage services within the district hereinafter described to be named Red Sulphur Public Service District and having the following description:

All of Red Sulphur District in Monroe County, West Virginia.

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 Monroe County will conduct a public hearing on the 4th day of May, 1959, at 10:30 A. M. in the Circuit Courtroom in the courthouse at Union, 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 April, 1959.

ATTEST Harold C. McDonald
Clerk of the County Court of Monroe County, West Virginia

ADJOURNMENT ORDER: [illegible]

It is ordered that this Court be and [illegible]

FIDUCIARY SETTLEMENTS AND REPORT OF CLAIMS, APPROVED.

Decedent or Ward,	Fiduciary	Kind of Settl.	Date	Commr. of Accts.
Mickey S. Ball, Minor	J. L. Ingles, Guardian	Settl	4-10-59	Forrest Holes
Lewis P. Christie, Decd.	Maxine C. Beckett, Admr.	Settl.	4-15-59	Forrest Holes.
S. B. Leach, Decd.	J. Harvey Leach, Exec.	F. Settl.	4-15-59	Forrest Holes.

And the foregoing settlements having been examined and the Court hereby approved and confirms said settlements and orders the same recorded in the proper Fiduciary Record of this Court.

And, upon the recommendation of Forrest Holes, one of the Commissioners of Accounts of this Court, J. Harvey Leach, Executor of the estate of S. B. Leach, deceased, be relieved and the surety on their bonds be relieved from any further liability in connection with the settlement of the estate herein reported.

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RED SULPHUR PUBLIC SERVICE DISTRICT:

At a regular meeting of the County Court of Monroe County, West Virginia, held at the courthouse at Union at 10:30 A. M., on Monday, May 4, 1959, there were present, Harry G. Cook, President, presiding, and H. L. Walkup and Charles O. Hines, Commissioners.

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Red Sulphur Public Service District as contemplated and provided for in an order heretofore passes by this court on the 6th day of April, 1959, the president announced that all persons residing in, or owning, or having any interest in property in such proposed public service district desiring to be heard for or against the creation would be heard, and all such interested persons desiring to be heard were given full opportunity.

The County Court, having further discussed and considered the feasibility of the creation of the proposed district, is of the opinion that in the public interest, the said district should be created.

Thereupon, H. L. Walkup moved the passage of the following resolution and order, which motion was duly seconded by Charles O. Hines and passed unanimously by said court.

"WHEREAS, the County Court of Monroe County, West Virginia, did heretofore, by an order passed on the 6th day of April, 1959, fix a date for a public hearing on the creation of the proposed Red Sulphur Public Service District, and in and by said order, provide that all persons residing in or owning, or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

"WHEREAS, notice of this hearing was duly given in the manner provided and required by said order and by Article 13a of Chapter 16 of the Code of West Virginia, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district, and said County Court has given due consideration to all matters for which such hearing was offered; and

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"NOW, THEREFORE, Be It Resolved and Ordered by the County Court of Monroe County, West Virginia, as follows:

"Section 1. That a public service district within Monroe County, West Virginia, is hereby created, and such district shall have the following described boundaries:

"All of Red Sulphur District in Monroe County, West Virginia."

"Section 2. That said public service district so created shall have the name and corporate title of "Red Sulphur 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, Chapter 16 of the Code of West Virginia.

"Section 3. That the County Court of Monroe County, West Virginia has determined that the territory within said county, being all of Red Sulphur District, is so situated that the construction or acquisition by purchase or otherwise, and the maintenance, operation, improvement and extension of properties supplying sewerage service within such territory by said public service district will be conductive to the preservation of public health, comfort and convenience of such area."

The following resolution and order, the passage of which was duly moved by H. E. Walkup and seconded by Charles O. Hines, was passed unanimously by the County Court of Monroe County, West Virginia:

"A RESOLUTION AND ORDER APPOINTING MEMBERS TO PUBLIC SERVICE BOARD OF THE RED SULPHUR PUBLIC SERVICE DISTRICT".

"WHEREAS, the County Court of Monroe County, West Virginia, did heretofore, by resolution and order passed May 4, 1959, create Red Sulphur Public Service District; and

"WHEREAS, under the provisions of Article 13a, Chapter 16, of the Code of West Virginia, the powers of said public service district shall be vested in, and exercised by, a public service board; and

"WHEREAS, the Incorporated Town of Peterstown, having a population as shown by the census for the year 1950, of 571, is located within the boundaries of said public service district:

"NOW, THEREFORE, Be it Resolved and Ordered by the County Court of Monroe County, West Virginia, as follows:

"Section 1. That the said court hereby finds and determines that the following persons, who are residents of Red Sulphur Public Service District are hereby appointed members of the public service board of said district, and their respective terms of office shall be as follows: Frank R. Spencer for a term of six years from May, 1, 1959; Charles O. Hines for a term of four years from May 1, 1959; and E. E. Rowe for a term of two years from May 1, 1959.

"Section 2. The aforesaid persons shall meet as soon as practicable at the office of the Clerk of said County Court, and shall qualify by taking the oath of office, and thereafter said appointees constituting the initial public service board of Red Sulphur Public Service District shall meet and organize in compliance with the provisions of Article 13a of Chapter 16 of the Code of West Virginia."

ADJOURNMENT ORDER:

It is ordered that this Court be and the same is hereby adjourned until June 1, 1959, at which time it will convene in Regular Session.

PRESIDENT

STATE OF WEST VIRGINIA,

COUNTY OF MONROE, TO-WIT:

AT A REGULAR SESSION OF THE COUNTY COURT HELD IN AND FOR THE COUNTY OF MONROE, AT THE COURT HOUSE THEREOF ON MONDAY, JUNE 1,1959: PRESENT, HUGH G. COOK, PRESIDENT, N. F. WALKUP AND CHARLES O. HINES, ASSOCIATE COMMISSIONERS.

VACATION ORDERS APPROVED:

It is ordered that all orders and proceedings had before the Clerk of this Court in Vacation are approved and confirmed.

BILLS APPROVED FOR PAYMENT

It is ordered that all (orders) drafts payable out of the General County Funds be issued in payment of the following bills, which have this day been approved by this Court.

PAYEE	PURPOSE	AMOUNT	[illegible]
E. B. Duncan	Janitor, H. Y. A.	[illegible]	[illegible]
Tio C. & P. Tel. Co.	Tel. Services	113.06	[illegible]
Paul Thompson	Jail Expense	136.00	[illegible]
Roy Bowden	" "	175.00	[illegible]
The Monroe Watchman	Adv.	67.35	[illegible]
Casto & Harris, Inc.	Office Supplies	8.21	[illegible]
West Va. State Industries	" "	31.25	[illegible]
Donald S. Lavigne, Inc.	Uniforms	40;10	[illegible]
May Office Service	Office Supplies	35.09	[illegible]
Sinclair Manifold Products	" "	11.00	[illegible]
The Geo. D. Barnard Co.	" "	24.83	[illegible]
Greenbrier Laundry Co.	Health Dept. Laundry	4.32	[illegible]
Monroe Service Station	Service on Bookmobile	6.50	[illegible]
The Baker & Taylor Co.	Book for Bookmobile Library	7.50	[illegible]
The Baker & Taylor Co.	Books for Bookmobile	69.77	[illegible]
Betty L. Grimmett	Work for Sheriff	45.85	[illegible]
Grace Wickline	" "	25.40	[illegible]
Vernie C. Jervis	Mileage	18.20	[illegible]
O. B. Grimmett	"	42.00	[illegible]
Wade C. Neel	"	23.45	[illegible]
Mabel Ballard	Work for Assessor	50.00	[illegible]
V. O. Wickline	Commissions and Mileage	202.00	[illegible]
T. W. Broyles, Assessor	Mileage	42.00	[illegible]
Sue P. Nichols, Clerk	Postage---Health Dept.	4.00	[illegible]
H. C. McDonald, Clerk	Postage	12.15	[illegible]
T. W. Broyles	Farm Census	186.20	[illegible]
H. C. McDonald	Lunacy --Mileage	3.50	[illegible]
Dr. W. W. Kersey, Jr.	Lunacy	5.00	[illegible]
Dr. Marguerite, J. Kersey	"	16.50	[illegible]
Dr. H. H. Hancock	"	5.00	[illegible]
Wade H. Ballard, III	"	15.50	[illegible]

EXONERATIONS APPROVED.

At a Regular Session of the County Court, held on the 1st. day of June, 1959, the Prosecuting Attorney being present and waiving notice of the application for relief from erroneous assessment of taxes as follows:

A. W. THOMPSON

Having been erroneously assessed with a 1954 Ford Automobile which is registered

IN THE COUNTY COMMISSION OF MONROE COUNTY, WEST VIRGINIA

IN RE: Powers of Red Sulphur Public Service District

On December 2, 1991, at a regularly scheduled meeting of the Monroe County Commission, at which time all County Commissioners were present, the said Commissioners did consider the matter of powers of Red Sulphur Public Service District, pursuant to a request for clarification of a prior order dated May 4, 1959, creating Red Sulphur Public Service Distict.

The undersigned Commissioners being asked to consider the matter of the authorized powers of Red Sulphur Public Service District, did review its records and files, and did determine that the aforesaid order does not clearly define the purposes for which the said public service district was created, as it purports to create a public service district with all lawful powers exercised by such districts, but also contains language which could conceiveably be construed as limiting the district to sewer services, and that some of the originial documentation pertaining to the creation of the public service district indicated it was to include providing water, and that the said district has operated as a water utility and has provided water to its customers for many years, and that all of the records and files within the control of the Monroe County Commission indicate that the intention of said Commission at the time of the creation of Red Sulphur Public Service District, was to create a public service district to provide both water and sewer, and that nothing in said files indicates that the said district is to be a sewer utility only, and upon a proper request for clarification of this point, it was

moved, seconded, and adopted by acclaimation that Section 3, of the previous order of the Monroe County Commission dated May 4, 1959 be amended to reflect the actual intent of the said commission at that time, as follows:

> Section 3: That the County Court of Monroe County, West Virginia has determined that the territory within said county, being all of Red Sulphur District, is so situated that the construction or acquisition by purchase or otherwise, and the maintenance, operation, improvement, and extension of properties supplying sewerage and water services within such territory by said public service district will be conductive to the preservation of public health comfort and convenience of such area.

Nothing further coming to the attention of the Commission at this time, concerning this matter, the Commission did move on to other business on its agenda.

Dated December 2, 1991.

Sara B. Wickline
Commissioner Wickline

Randall Wallace
Commissioner Wallace

H. C. Sibold
Commissioner Sibold

IN THE COUNTY COMMISSION OF MONROE COUNTY, WEST VIRGINIA

In Re: Proposed Merger of Red Sulphur Public Service District and Lindside Public Service District, and Expansion of Boundaries of Red Sulphur Public Service District

On December 3, 1990 at a regularly scheduled meeting of the Monroe County Commission, representatives from Lindside Public Service District and Red Sulphur Public Service District appeared before the Monroe County Commission pursuant to a previous request to merge the two districts, and to expand the territory of the remaining District.

At this time the Commission considered the matter and appearing proper to do so, and upon motion of Commissioner Wickline, duly second by Commissioner Sibold and unanimously passed by the Commission, it is ORDERED and ADJUDGED that the Monroe County Commission on its own motion take the necessary steps to merge the two districts, and to expand the territory to the boundaries described on Exhibit A, hereto, and as shown upon the plat filed herein; that it conduct a public hearing pursuant to West Virginia Code Section 16-13A-2 concerning the proposed merger of the two districts, and the enlargement of the territory of the remaining district; that this hearing take place at the Monroe County Courthouse, Union, West Virginia, on January 7, 1991, at 2:00 p.m.; that the Clerk of this Commission prepare a notice concerning this hearing and cause the same to be published

in the Monroe Watchman as a Class I legal advertisement at the first available publication date; that said notice be posted at five conspicious spots within the district by the said Clerk which shall be as follows: Peterstown Post Office, Lindside Post Office, Ballard Post Office, Red Sulphur Public Service District Office, Bob's Grocery, Lindside, West Virginia, and Rock Camp Store, Lindside, West Virginia, and nothing further coming to the Commissions attention, it is further ORDERED that the matter stand continued generally pending said hearing.

Dated December 3, 1991.

MONROE COUNTY COMMISSION

Evan B. Nickline
PRESIDENT

H.C. Libold
COMMISSIONER

Randall W. [illegible]
COMMISSIONER

EXHIBIT A

BEGINNING at the intersection of latitude 37°28'36" and longitude 80°31'54" which is located on the top of Peters Mountain on the boundary line of the Springfield Tax District of Monroe County, WV with the State of Virginia, thence with said boundary line in a southwestern direction to the intersection of latitude 37°25'59" and longitude 80°37'23", a common point with the boundary of the Red Sulphur Tax District of Monroe County, WV, thence in a southwestern direction with the boundary of the Red Sulphur Tax District and the State of Virginia to the intersection of latitude 37°22'42" and longitude 80°46'12" on top of Peters Mountain, thence with said boundary line to the intersection of latitude 37°25'43" and longitude 80°51'31" to a common point at New River

with Mercer County, WV and Summers County, WV, thence leaving common boundary line with State of Virginia and with common boundary line with Summers County in a northeasterly direction to the intersection of latitude 37°31' 24" and longitude 80°47'50", a common point with Springfield Tax District of Monroe County, WV, thence with common boundary line of Springfield Tax District and Summers County in a northeasterly direction to the intersection of latitude 37°34'02" and longitude 80°45'53", thence leaving said boundary line and running through Springfield Tax District S 64°30' E 14.3 miles to to the BEGINNING and containing 119 square miles, more or less, as shown on a map prepared by Pentree, Incorporated, Princeton, WV.

PUBLIC NOTICES
Your Right to Know

NOTICE OF PUBLIC HEARING

Notice of public hearing on proposed merger of Red Sulphur Public Service District and Lindside Valley Public Service District and expansion of boundaries of Red Sulphur Public Service District.

Notice is hereby given that the County Commission of Monroe County, West Virginia, on December 3, 1990, on its own motion, proposed the merging of the Red Sulphur Public Service District and the Lindside Valley Public Service District and the expansion of the boundaries of the Red Sulphur Public Service District to include areas of Springfield Tax District, all within Monroe County, West Virginia, for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating, and providing and extending public water (and sewer) service by the Red Sulphur Public Service District to property within said boundaries and also outside said boundaries to the extent permitted by law, which proposed expanded boundaries of Red Sulphur Public Service District are described as follows, to-wit:

BEGINNING at the intersection of latitude 37°28'36" and longitude 80°31'54" which is located on the top of Peters Mountain on the boundary line of the Springfield Tax District of Monroe County, WV with the State of Virginia, thence with said boundary line in a southwestern direction to the intersection of latitude 37°25'59" and longitude 80°37'23", a common point with the boundary of the Red Sulphur Tax District of Monroe County, WV, thence in a southwestern direction with the boundary of the Red Sulphur Tax District and the State of Virginia to the intersection of latitude 37°22'42" and longitude 80°46'12" on top of Peters Mountain, thence with said boundary line to the intersection of latitude 37°25'43" and longitude 80°51'31" to a common point at New River with Mercer County, WV and Summers County, WV, thence leaving common boundary line with State of Virginia and with common boundary line with Summers County in a northeasterly direction to the intersection of latitude 37°31'24" and longitude 80°47'50", a common point with Springfield Tax District of Monroe County, WV, thence with common boundary line of Springfield Tax District and Summers County in a northeasterly direction to the intersection of latitude 37°34'02" and longitude 80°45'53", thence leaving said boundary line and running through Springfield Tax District S 64°30' E 14.3 miles to the BEGINNING and containing 119 square miles, more or less, as shown on a map prepared by Pentree, Incorporated, Princeton, WV.

All persons residing in or owning or having any interest in the property in the present Red Sulphur Public Service District service area or any person residing in or owning or having any interest in the property within the proposed expanded boundaries of the Red Sulphur Public Service District are hereby notified that the County Commission of Monroe County, West Virginia will conduct a public hearing on January 7, 1991 at 2:00 p.m. in its courtroom in the County Courthouse at Union, West Virginia, at which time and place all said interested parties may appear before the Commission and shall have an opportunity to be heard for and against the proposed merger of the Red Sulphur Public Service District and Lindside Valley Public Service District and the proposed expansion of the boundaries of Red Sulphur Public Service District in order to effect the proposed change in the boundaries of public service districts for the aforesaid purposes.

By Order of the County Commission of

Certificate Of Publication

STATE OF WEST VIRGINIA

COUNTY OF MONROE, S.S.:

I, H. H. Mohler, publisher of THE MONROE WATCHMAN, do certify that the annexed advertisement of

Notice of Public Hearing

in the case (matter) of

Red Sulphur Public Service Commission

Vs.

Monroe County Commission

was published two (2) consecutive weeks in THE MONROE WATCHMAN, a newspaper published at Union, Monroe County, West Virginia, beginning the 20th day of December 1990

Given under my hand this 15th day of April 19 91

H. H. Mohler
Publisher

Given under my hand this 15th day of April 19 91

Paula A. Bridges
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PAULA A. BRIDGES
P.O. Box 417, Union 24983
My Commission Expires June 8, 1994

My commission expires on the 5th day of Dec. 19 94

IN THE COUNTY COMMISSION OF MONROE COUNTY, WEST VIRGINIA

IN RE: Proposed Merger, Red Sulphur Public Service District and Lindside Public Service District, in Expansion of boundaries of Red Sulphur Public Service District

ORDER

On February 4, 1991, the Monroe County Commission met at regularly scheduled meeting, and at that time further considered the proposed merger of Red Sulphur Public Service District, and Lindside Public Service District, as well an expansion of the boundaries of the same, the matter having previously come on for hearing on January 7, 1991, and having been continued from that date to allow further hearing and public discussion at a meeting held at Peterstown, West Virginia, on January 28, 1991, and the matter having been continued to this date for a decision, at which time only Commissioners Sarah Wickline and William Sibold were present, Commissioner Randall Wallace being unable to attend due to illness.

At this time the representatives from the two Public Service Districts in question appeared before the undersigned Commission and the Commission having considered the matter further, it is hereby ORDERED and ADJUDGED by the Monroe County Commission, that the public health, comfort and convenience of the areas in question will be promoted by consolidating the Lindside Valley Public Service District and the Red Sulphur Public Service

District, and by an expansion of its territory, and it is further ordered that Lindside Valley and Red Sulphur Public Service Districts be consolidated and that the boundary of the remaining District to be known as Red Sulphur Public Service District, shall be expanded to the boundaries shown on the exhibit A attached hereto and made a part hereof; that this order is subject to the review and approval of the Public Service Commission of this State and that the Clerk of the undersigned Commission shall cause a true copy of this order to be mailed to Howard Cunningham, Executive Secretary, West Virginia Public Service Commission, Charleston, West Virginia, to serve as notice of this action pursuant to Section 16-13A-2 of the West Virginia Code; that this order is further subject to the review of the State Public Service Commission of a contract between the Town of Peterstown and the Red Sulphur Public Service District dated January 25, 1964, a copy of which is attached hereto as exhibit B, and is further subject to the determination by the said Public Service Commission that said contract proporting to restrict and limit expansion of the service areas of Red Sulphur Public Service District to those areas served at the time of the execution of this contract in 1964, be null and void, and that said contract shall not prohibit in any way the consolidation of said Public Service Districts or the extension of water and sewer service to the Lindside Community.

Dated Feb. 6, 1991.

MONROE COUNTY COMMISSION

Evan B. Wilkins

COMMISSIONER

W.C. Sibold

COMMISSIONER

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 12, 1991

CASE NO. 91-110-PWD-PC

MONROE COUNTY COMMISSION
Petition for approval of merger
of Red Sulphur Public Service
District and Lindside Valley Public
Service District.

RECOMMENDED DECISION

On February 4, 1991, the Monroe County Commission, a public corporation, adopted an Order to merge Red Sulphur Public Service District and Lindside Valley Public Service District and expand the boundaries of the same, with the new territory to be known as the Red Sulphur Public Service District. On February 15, 1991, the Mayor of Peterstown requested a hearing in Peterstown, concerning the aforesaid mentioned merger.

On February 18, 1991, the Public Service Commission received the Monroe County Commission Order for review and approval pursuant to West Virginia Code §16-13A-2.

By Joint Staff Memorandum filed March 13, 1991, Staff Attorney Drexel M. Vealey advised that the Red Sulphur Public Service District currently owns and operates a water treatment plant and distribution system, but Lindside Valley Public Service District neither owns nor operates a water or sewer system. He further stated that the Red Sulphur Public Service District currently had a case pending before the Commission for upgrading its facility to serve the Lindside area. The City of Peterstown objected to the merger and the project because of an existing contract between the City of Peterstown and the Red Sulphur Public Service District, and because of the proposed rate increase needed to fund the project.

As required by West Virginia Code §16-13A-2 and in consideration of the protest by the Mayor of Peterstown, a municipality within the boundaries of Red Sulphur Public Service District, the Administrative Law Judge, by Order entered March 29, 1991, scheduled a hearing on this matter for April 15, 1991, at 1:00 p.m., in the Council Chambers, 125 Thomas Street, Peterstown, Monroe County, West Virginia, and ordered publication of notice of said hearing.

Notice was published and the hearing convened as scheduled. The Petitioner, Monroe County Commission, and the two (2) Districts, Red

Both Lindside Valley Public Service District and Red Sulphur Public Service District have systems or system modifications in the early stages of design and have active grant and loan applications pending with various public bodies. (Tr., pp. 23-26). In the spring of 1990, the Lindside Valley Public Service District submitted an application to the GOCID office for a Small Communities Block Grant of $750,000.00 and an application to Farmers Home Administration for $700,000.00 in grant/loan consideration. (Tr., p. 23). Since the Monroe County Commission could only submit one (1) Block Grant application, it submitted the application of Lindside Valley Public Service District. The Town of Peterstown submitted a Block grant application to the GOCID office on behalf of the Red Sulphur District in the amount of $750,000.00. (Tr., p. 24). The Farmer's Home Administration, in reviewing these applications, requested that the two pending systems be merged for one combined project and some of the approved funding is contingent on a combined project. (Tr., pp. 24, 25&28).

The Monroe County Commission received the funding requested in the amount of $750,000.00 for the Lindside Valley Public Service District. The Town of Peterstown did not receive any grant from its application on behalf of Red Sulphur Public Service District. (Tr., p. 25). The Farmers Home Administration verbally committed to add a $700,000.00 grant and a $1,979,000.00 loan to the project if the two (2) projects were combined. (Tr., p. 25).

Mr. Hazelwood testified that both Districts reviewed the engineering reports and responded favorably to combining the projects into one and submitted requests to the Monroe County Commission to merge the two (2) Districts in order to provide both Districts with the needed water system. (Tr., pp. 25&26). Finalization and obligations of funding were completed in January 1991. The loan is to be a five percent loan to be paid back over thirty-eight (38) years. (Tr., p. 26). The engineer further testified that the expected rate per 1,000 gallons of water would be significantly less for the combined project as opposed to the rate for either project constructed separately. (Tr., p. 27). Mr. Hazelwood explained the rates and stated that, without a combined project, there was no commitment from Farmer's Home for grant money and the Red Sulphur Public Service District project would cost 50 cents or 60 cents more per 1,000 gallons. (Tr., p. 28).

The area now encompassing the Lindside Public Service District was originally part of the Red Sulphur Public Service District. The area now sought for inclusion in the merger of the two Public Service Districts also includes a small additional portion of territory in order to encompass the vicinity known as Coalter's Chapel and the small water system located there. (Tr., p. 30). The engineer concurs in the FmHA prediction of more efficient operation and maintenance for the merged Public Service District, through use of the established and operational systems of the active Red Sulphur Public Service District, (Tr., pp. 31-33).

Under cross-examination by the Intervenor Jones, Mr. Hazelwood explained that the water would be obtained from the Red Sulphur Public Service District's existing source, and that alternate water sources would

(Tr., pp. 71, 73). Complaints still existed after Mr. Miller became a board member in 1989. (Tr., pp. 73-74).

Mr. Miller discussed the corrective measures mandated by the Department of Health. (Tr., pp. 76-77). Mr. Miller explained that his District hired Pentree, and made every effort to try to get as much grant money as possible. It applied for a grant from the Town Council, Farmers' Home Administration and the Monroe County Commission. (Tr., p. 75). He confirmed that it was the Farmers' Home Administration that suggested the unification of the two systems. (Tr., p. 75). He testified that he was not happy with the proposed merger, but Red Sulphur Public Service District had agreed to merge with Lindside Valley Public Service District and requested that the Monroe County Commission approve same and that the District is requesting approval of the consolidation by the Public Service Commission. (Tr., pp. 78-79).

Mr. Miller testified that, whether the systems are combined or not, the Red Sulphur Public Service District has to provide the Town of Peterstown and the surrounding area with water. (Tr., p. 84). He confirmed that publication was made concerning the meetings. (Tr., p. 86). He explained that Lindside Valley Public Service District was once part of Red Sulphur Public Service District and that the Red Sulphur Public Service District had expanded previously without protest or approval by the Town of Peterstown. (Tr., pp. 89-90).

William C. Sibold testified on behalf of the Petitioner. Mr. Sibold is a member of the Monroe County Commission and during the course of his official duties reviewed and considered a joint request from Lindside Valley Public Service District and Red Sulphur Public Service District for merger. He further stated that during a regular meeting on December 3, 1990, the Commission agreed to take the matter under consideration and to hold a public hearing thereon. A Class II Legal Notice of said meeting was published commencing on December 20, 1990, and the notice was also posted in five different places. (Tr., pp. 92-93).

The matter was discussed at the January 7, 1991 meeting. An additional hearing was held on January 28, 1991. (Tr., p. 94). Mr. Sibold testified that he felt the merger of the two Districts was in the best interests of the public, resulting in a lower overall water rate. (Tr., p. 97).

The final decision was made at the February 4, 1991 meeting. (Tr., p. 104). He also confirmed that, due to the issue raised concerning the effect of a 1964 contract between the Town of Peterstown and Red Sulphur Public Service District, the County Commission conditioned its decision on the Public Service Commission's determination in this regard. (Tr., p. 105). At the conclusion of Mr. Sibold's testimony, the County Commission rested its case.

The Public Service Commission Staff's case was presented through the testimony of Michael W. McNulty, who is a Staff Engineer for the Public Service Commission. Mr. McNulty sponsored Staff's exhibit and recommended approval of the merger and believes it to be in the public interest. (Tr., pp. 108 & 111).

result in higher bills for themselves and others. They offer no specific alternatives nor do they address the health challenge presented by the current public water source.

The impact of rates on the poor and elderly is always of concern to the Public Service Commission, but the Intervenors' attack on this merger does not well serve their neighbors and only results in a shift of attention from the real problem of unreliable and questionable drinking water and the proper forum in which to challenge any resulting construction project.

Mergers and consolidations of public service districts are controlled by West Virginia Code §16-13A-2. That section mandates that the Public Service Commission shall at all times attempt to bring about the expansion or merger of existing public service districts in order to provide increased services. Therefore, the burden of persuasion in this matter falls upon the parties seeking to stop or prevent the merger. This burden has not been met by the Intervenors in this case.

The Petitioner, Monroe County Commission, has presented the testimony of a duly-qualified and experienced engineer as to the efficiency and feasiblity of the merger and the challenges which underlie the need for enhanced efficiency and treatment in both regions encompassed by the two Public Service Districts. Mr. Hazelwood is a graduate of two engineering schools, possesses a master's degree in his field of endeavor, and is a State licensed Professional Engineer. The Intervenors did not offer the testimony of a qualified engineer or relevant lay evidence of acceptable, achievable and cheaper alternatives for the Districts' water problems. The Petitioner, Monroe County Commission, has proven that the public interest is well served by the merger of Lindside Valley Public Service District into the Red Sulphur Public Service District.

Procedurally, it appears of record that this matter first came to the agenda of the Monroe County Commission on December 3, 1990. The matter was set for public hearing on January 7, 1991, and a Class II Legal Notice of said hearing was published commencing December 20, 1990, and properly posted. The matter came on for public hearing before the Monroe County Commission on January 7, 1991, and, due to the public response, was set for additional public hearing in Peterstown on January 28, 1991. A final decision of the County Commission was rendered at its regular meeting of February 4, 1991, and reduced to a formal Order accordingly. That Order and a request for review and approval was submitted to the Public Service Commission on February 18, 1991.

It, therefore, appears that the hearing by the County Commission was properly set for a time not less that twenty (20) days nor more than forty (40) days after its initial action on the request for merger, and was properly given public notice, as required by West Virginia Code §16-13A-2. Said hearing was properly convened, continued from time-to-time, and consummated by the County Commission and reduced to a decision and order. Although said Order was not filed for approval with the Public Service Commission within ten (10) days, as directed by the Code, said filing was substantially in compliance with the directorial language of the Code and the late filing is therefore deemed to be harmless. Canyon Public Service

wider-ranging general authority, under West Virginia Code §24-2-2 to regulate the practices of any public utility, notwithstanding any preexisting contractural rights in conflict with the Commission's mandate. Mountain State Water Company v. Town of Kingwood, 121 W.Va. 66, 1 S.E.2d 395 (1939). The Town's contract is, in many respects, a direct usurpation of the Monroe County Commission's direct statutory authority as well as the general regulatory power of the Public Service Commission.

The action of the Monroe County Commission in authorizing the merger of the Lindside Valley Public Service District and the Red Sulphur Public Service District was procedurally correct and is in the public interest, as determined by the appropriate public officials of that county, and, therefore, should be approved, in accordance with the requirements of West Virginia Code §16-13A-2.

FINDINGS OF FACT

1. On December 3, 1990, the Monroe County Commission accepted for its consideration the matter of the merger of the Lindside Valley Public Service District into the Red Sulphur Public Service District, and set a public hearing for January 7, 1991, which was published for public notice on December 20, 1990, and posted, as well. (See, Petition and Petitioner's Exhibit No. 9).

2. After a public hearing on January 7, 1991, which was convened and later continued until January 28, 1991, the Monroe County Commission voted to merge the two (2) Districts in question at its regular meeting of February 4, 1991, and an appropriate Order was entered by the County Commission. (See, Petition and Tr., pp. 92-93).

3. In accordance with the requirements of West Virginia Code §16-13A-2, said Order was submitted to the Public Service Commission for its review and approval, by correspondence received February 18, 1991. (See, Petition).

4. By letter received on February 15, 1991, Lawrence D. Munsey, Mayor, requested a public hearing to be held concerning this matter, and by Order entered March 29, 1991, the matter was set for hearing in Peterstown, on Monday, April 15, 1991, at 1:00 p.m., and publication was ordered as well. (See, correspondence and Order).

5. Mr. Hazelwood testified that both Districts reviewed the engineering reports and responded favorably to combining the projects into one and submitted requests to the Monroe County Commission to merge the two (2) Districts in order to provide both Districts with the needed water system. (Tr., pp. 25 & 26). Finalization and obligations of funding were completed in January 1991. The loan is to be a five percent loan to be paid back over thirty-eight (38) years. (Tr., p. 26).

6. Mr. Hazelwood testified that the expected rate per 1,000 gallons of water would be significantly less for the combined project as opposed to the rate for either project constructed separately. (Tr., p. 27).

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.

Susan A. Murensky

Susan A. Murensky
Administrative Law Judge

SAM:TNT:jas

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON
CASE NO. 90-110-PWD-PC
MONROE COUNTY COMMISSION
Petition for approval of merger of Red Sulphur Public Service District and Lindside Public Service District.

NOTICE OF HEARING

On February 4, 1991, the Monroe County Commission, a public corporation, Monroe County, adopted an order to merge Red Sulphur Public Service District and Lindside Public Service District as well as for the expansion of the boundaries of the same, and that the new territory be known as the Red Sulphur Public Service District. The Red Sulphur Public Service District currently has a case pending before the Commission to upgrade its facility serve the Lindside area.

On February 18, 1991, the Public Service Commission received the Monroe County Commission's Order for review and approval. Pursuant to West Virginia Code §16-13A-2, the Public Service Commission is required to conduct a public hearing in Monroe County, prior to approving, rejecting or modifying the adopted Monroe County Commission Order.

A public hearing in this matter has been scheduled to be heard in the Council Chambers, 125 Thomas Street, Peterstown, Monroe County, on April 15, 1991, 1:00 p.m. At that hearing, the Public Service Commission shall receive statements and evidence for the purpose of determining if the Order of the Monroe County Commission to merge Red Sulphur Public Service District and Lindside Public Service District and enlarge the new district to be known as the Red Sulphur Public Service District is in the public interest.

MONROE COUNTY COMMISSION

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PAULA A. BRIDGES
P.O. Box 417, Union 24983
My Commission Expires Dec. 5, 1994.

Total cost of advertisement

$.....11.25.....

Certificate Of Publication

STATE OF WEST VIRGINIA

COUNTY OF MONROE, S.S.:

I, H. H. Mohler, publisher of THE MONROE WATCHMAN, do certify that the annexed advertisement of.....

.....Public Service Commission.....

.....

in the case (matter) of.....

..Red Sulphur Public Service Commission..

Vs. .....

....Case No. 90-110-PWD-Pc.....

was published ....1 (one).....consecutive weeks in THE MONROE WATCHMAN, a newspaper published at Union, Monroe County, West Virginia, beginning the..11th..day of....April.....19...91

.....

Given under my hand this.15th.day of...April.....

19..91.....

H. H. Mohler
Publisher

Given under my hand this..15th.....day of....April....

19..91....

Paula A. Bridges
Notary Public

My commission expires on the.5th.....day of...Dec.....

19...94...

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 12th day of August, 1991.

CASE NO. 91-110-PWD-PC

MONROE COUNTY COMMISSION
Petition for approval of merger
of Red Sulphur Public Service
District and Lindside Valley Public
Service District.

COMMISSION ORDER

On February 4, 1991, the Monroe County Commission, a public corporation, adopted an order to merge Red Sulphur District and Lindside Valley Public Service District and expand the boundaries of the same, with the new territory to be known as Red Sulphur Public Service District. On April 15, 1991, the mayor of Peterstown requested a hearing in Peterstown concerning the aforementioned merger.

On February 18, 1991, the Public Service Commission received the Monroe County Commission Order for review and approval pursuant to West Virginia Code §16-13a-2. Proper notice was given and a hearing was held on April 15, 1991. The Monroe County Commission and the two Public Service Districts were represented by Robert A. Irons, Esquire. The Staff was represented by Drexel M. Vealey, Esquire. Intervenor status was granted to Lawrence D. Munsey, Mayor of Peterstown, and Tad Jones. In a recommended decision entered on June 12, 1991, an Administrative Law Judge approved the order of the Monroe County Commission merging Lindside Valley Public Service District and the Red Sulphur Public Service District. Exceptions filed by Mayor Munsey were received on June 27, 1991.

DISCUSSION

The evidence has been presented in detail in the Administrative Law Judge's recommended decision and need not be repeated here. It establishes the need for a water system in the Lindside Valley Public Service District and the need for improvement of the existing water system in Red Sulphur Public Service District. It also indicates that need can be met better by a unified district than by two separate districts.

In his letter of exceptions Mayor Munsey maintained that the presentation of petitions signed by three hundred fifty-seven (357) persons opposing the merger of the two districts represented over thirty percent of their registered voters in Red Sulphur Public Service District and required that a vote must be called by the county commission before any further action was taken, citing Code §16-13a-2. He included a portion of this section with his exceptions.

Mayor Munsey's exception is incorrect on this point because §16-13a-2 was amended in 1986 and no longer contains the language on which he relies. The present statute does not require a referendum.

Mayor Munsey also referred to the contract in 1964 between the town of Peterstown and Red Sulphur Public Service District which transferred

operation and maintenance of the town's combined sewer and waterworks to the district. In that agreement Red Sulphur Public Service District agreed not to extend the system beyond the outside boundaries of the same as shown on the present plans without the consent of the Town of Peterstown unless required to do so by the Public Service Commission. His claim that this provision barred the merger in this case was adequately answered by the ALJ in the recommended decision. It should be emphasized, however, that this contract provision conflicts with the provisions of Code §16-13a-2, which provides that a district may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, set forth in that article, or conflicts with any provision of that article. It should also be added that the contract itself recognizes the power of the Public Service Commission to order additions to the Red Sulphur Public Service District system.

The Public Service Commission will not revise, modify or reverse an Administrative Law Judge's Decision unless the findings therein are arbitrary, unjust, contrary to the evidence or unsupported by the evidence, B&O Railroad v. Public Service Commission, 99 W.Va. 670, 130 S.E. 131 (1925); Weirton Ice and Coal Supply Company v. Public Service Commission, ___ W.Va. ___ 240 S.E.2d 686 (1977); Virginia Electric and Power Company, ___ W.Va. ___ 242 S.E.2d 698 (1978); or the decision is based on a mistake of law or a misapplication of legal principles, Preston County Light and Power Company v. Public Service Commission, 297 F.Supp. 759 (S.D. W.Va. 1969); Atlantic Greyhound Corporation v. PSC, 132 W.Va. 650, 54 S.E.2d 169 (1949); or the decision is contrary to Commission practice or policy, Mac's Wrecker Service, Inc., M.C. Case No. 3358 (1979); Washington Oil Company, Case No. 80-210-G-X, 68 ARPSCWV 1573 (1981). See Pauley, M.C. Case No. 21783-C (1984); Bartram, M.C. Case No. 21891 (1983).

Upon mature consideration of the matters raised by the exceptions, in review of the Administrative Law Judge's Decision and supporting record, we are of the opinion that the Administrative Law Judge's findings are supported by the record and the decision is rendered in accordance with the applicable law.

FINDINGS OF FACT

1. The Lindside area of Monroe County is currently without modern public water utility service and a significant number of private wells in the region are contaminated with coliform bacteria from septic tanks (Tr., p.21).

2. The Red Sulphur Public Service District has been notified by the State Department of Health that quality problems from its spring water source must be solved by establishing a full treatment system (Tr., pp.28-30).

3. The problems of both systems can best be solved by a unified Public Service District (Tr., pp.26-33).

CONCLUSION OF LAW

The recommended decision should be affirmed.

ORDER

IT IS THEREFORE ORDERED that the recommended decision of June 12, 1991 be and it hereby is affirmed as a final order of the Commission.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon all parties of interest by United States Certified Mail return receipt requested and upon the Commission Staff by hand delivery.

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

Monroe County Commission
Regular Session
August 3, 2005

State of West Virginia:
County of Monroe:

At a regular meeting of the Monroe County Commission, called after notice and posting on the front door of the Courthouse of Monroe County, more than 48 hours prior to said meeting, being held on the 3rd day of August 2005 with President Dr. Craig Mohler, and Oliver Porterfield and Joyce Pritt, Associate Commissioners, present. Also present was Donald J. Evans, County Clerk.

Julia Light, Circuit Clerk:
Julia Light, Circuit Clerk, appeared before Commission requesting additional funding for her office. Ms. Light said that her budget was cut by 3% this year, as was all other county offices and she didn't have enough funding to pay for a second employee, which she desperately needed. Commissioners told Ms. Light that the audit from the State wouldn't be completed until September and the official carry-over wouldn't be determined until then. Commissioners said they would rather wait till then to commit to any additional funding to each office.

Country View Assisted Living
Lonzo Christian and Bobby Shires, representing Country View Assisted Living, appeared before Commissioners. Mr. Christian and Mr. Shires expressed concern over a state grant that was received to run a water line to their facility from a water tank to add additional pressure to operate their sprinkler system. The grant amount was $33,000.00. Mr. Christian said the grant called for a 10 inch line to be run from the tank to his facility. However, the Red Sulphur Public Service District installed an 8 inch line, and did not run the line all the way to his facility. Mr. Christian had to pay to run the line on to his building. Red Sulphur PSD Board members Robert Williams, Doc Sibold and John Porterfield, and Manager Porter Robertson attended this meeting as well as Bob Hazelwood from Pentrec, Inc, the engineer of the project. Mr. Hazelwood said when the grant application was submitted, the figures were merely estimates. After finding out how much pressure was needed for the sprinkler system, Hazelwood said an 8 inch line would be sufficient. In addition, Mr. Christian said the Red Sulphur PSD placed a man-hole in a position where he cannot use his adjoining land for development and ran the line through this property and he cannot develop it. Manager Porter Robertson said the man-hole can be removed but the line is a different story. Mr. Shires and Mr, Christian also expressed concern that if they had a fire at their facility and there was another fire close to their business or the Red Sulphur PSD hooked someone else onto the existing line, would there be enough pressure to operate their sprinkler system. Mr. Hazelwood said the facility would have adequate pressure. The County Commission said they would rely on

information from the engineer since he was qualified to make these decisions relating to the project. No further action taken.

Oz Mohler
Oz Mohler of Peterstown appeared before Commission. Mr. Mohler wanted to know why it was taking so long for the Red Sulphur PSD to get water and sewer to his home. Mr. Mohler said he had been told by employees of the Red Sulphur PSD on several occasions that water and sewer would be to his location soon, but Mr. Mohler said he was tired of being lied to. Representatives from the Red Sulphur PSD were on hand from a previous meeting and told Mr. Mohler that work should begin this fall and it was a 12 month contract.

Sheriff Bob Mann and Chief Deputy Galuszek
Sheriff Bob Mann and Chief Deputy Joe Galuszek appeared before Commission and presented Commissioners with a pay raise proposal for the deputy sheriffs. Deputy Galuszek said he is willing to give up $5,000.00 of his salary and give each of the five deputies a one thousand dollar raise. Sheriff Bob Mann approved this proposal. Commissioner Porterfield said if Deputy Galuszek was willing to give up a portion of his salary for a raise for the deputies, he would make a motion to approve this proposal as well. Commissioner Pritt second the motion. Vote was unanimous.

Shirley Hall
Shirley Hall, representing the Coalition for Children and Families asked permission to apply for a grant to have a new roof installed at her office. Commissioner Porterfield made a motion approving this request. Commissioner Pritt second the motion. Vote was unanimous. The Coalition for Children and Families building is owned by the county.

Oscar Keith Williams Estate
Rosetta Snedon, ex-wife of Oscar Keith Williams, appeared before Commission. Ms. Snedon had filed a claim against the estate of Oscar Keith Williams for a loan they shared while they were married. The executrix of Mr. Williams estate objected to the claim and the matter was referred to Debra Dalton, Fiduciary Commissioner, for a ruling. Ms. Dalton ruled that Ms. Snedon's claim was invalid because it was filed in the time frame given. Commissioner Porterfield made a motion to uphold Ms. Dalton's ruling. Commissioner Pritt second the motion. Vote was unanimous.

Red Sulphur Public Service District/ Robert Williams
Commissioner Porterfield made a motion to re-appoint Robert Williams as a board member of the Red Sulphur PSD. Commissioner Pritt second the motion. Vote was unanimous.

Service Process Fee
In accordance with recently passed legislation, Commission Porterfield made a motion to increase the service process fee from $20.00 to $25.00. Commissioner Pritt second the motion. Vote was unanimous.

Dog Catcher
Commissioners received two applications for the position of dog catcher. The applicants were Roger Galford and Calvin Long. After reviewing these applications thoroughly, Commissioner Porterfield made a motion to hire Roger Galford as the county dog catcher. Commissioner Pritt second the motion. Vote was unanimous. Commissioners instructed Mr. Galford to work no more than 20 hours per week and to communicate with the 911 Center for the dog call. Commissioners asked Galford to also work closely with the Animal League.

Court Security Grant Bids
The County Clerk advised Commissioners that he had placed the ad in the local newspaper soliciting bids for the security upgrade in the Circuit Courtroom. Bids will be due September 7, 2005 by 9:00 am. This project will be funded by a grant from the Court Security Grant Program.

Monroe Animal League
The Monroe County Animal League is to receive a grant from the Governor's Economic Assistance Grant Program. Commissioner Porterfield made a motion to accept the terms and conditions of a grant contract between the County Commission and the WV Development Office and further moved to authorize Dr. Craig Mohler, President of the Commission, to sign the contract on behalf of the Commission. Commissioner Pritt second the motion. Vote was unanimous.

Fire Marshall's Report
Commissioners reviewed the Fire Marshall's report for the Courthouse and the Magistrate's Office. Commissioner Mohler will respond to the Fire Marshall's office with a plan of action for the items noted to be corrected in this report

Audit Report
Commissioners reviewed the audit report compiled by the State Auditor's for fiscal year ending June 30, 2004.

Prevention Resource Officer Grant
Commissioner Porterfield made a motion authorizing Dr. Craig Mohler, President of the Commission to sign any and all paperwork in reference to the Prevention Resource Officer Grant the county is to receive. Commissioner Pritt second the motion. Vote was unanimous. This grant is for a Prevention Resource Officer at James Monroe High School.

Budget Digest Grants 2005-06
Commissioners reviewed a list of organizations that are to receive funding from the 2005-05 budget digest.

Planning Commission
Commissioner Mohler advised that Dave Clark from Cannan Valley Institute will be at the Commission's September meeting to discuss developing a planning commission.

Alice Bradley
Commissioner Pritt made a motion to accept the resignation of Alice Bradley, an employee in the Prosecuting Attorney's Office. Commissioner Porterfield second the motion. Vote was unanimous.

Tad Jones
Tad Jones from Peterstown appeared before Commission complaining that his real estate taxes were too high. Mr. Jones presented Commissioners with comparable properties, whose owners paid much less than he does. Commissioners advised Mr. Jones that the only time of the year they could deal with complaints of taxes being too high was during the Board of Equalization hearings held in February. Commissioners told Mr. Jones to come back then and they would review his complaint.

Prosecuting Attorney Renovations
Commissioner Porterfield made a motion to accept a bid from Bryant Builders in the amount of $7,800.00 to complete renovations in the Prosecuting Attorney's Office. Renovations will include removal of the old carpet and replace with new, removal of entry door and placement of new dividing wall, security door on new wall with security window and counter top, with a payment of $2,500.00 up front and the balance on completion of the project. Commissioner Pritt second the motion. Vote was unanimous.

Gap Mills Bar
Several residents from the Gap Mills area appeared before Commissioners concerning a rumor of a new bar opening in the Gap Mills area. Those in attendance were Mary Miller, Talma Clarkson, James Clarkson, Gerald Griffith, Rev. Jim Rogers, Carolyn Boggs, Michael Neel, Tommy Martin, Sam Martin, Josh Martin, Mildred Martin, Betty Wylie, Mae Hue Brown, Earl Ripley, Ella Ripley, Catherine Ridgeway, Violet Feury, Jean Meadows, Bonnie Galford, Barbara Young, Madeline Meadows. All these mentioned individuals were opposed to this bar opening in the Gap Mills area (in the former Mountaineer Food Store). These residents also presented Commissioners with petitions of individuals also opposing this bar. Leona Ratliff Roberts was also in attendance. Ms. Roberts said she was the one improving the building but she hadn't made up her mind if she would open a bar or another type of business. Ms. Ratliff said she had to provide for her three children, and presently operates a bar in Union. Commissioner Porterfield made a motion for the County Commission to oppose the opening of this bar. Commissioner Pritt second the motion. Vote was unanimous. The Commission reminded these residents that they didn't make the decision on whether to issue a license to open this bar. This decision will be made by the WV Alcohol Beverage Commission in Charleston, but the Commission would send a letter to the Commission opposing this opening.

Friends of Second Creek
Representatives from the "Friends of Second Creek" appeared before Commissioners providing them with an update of their activities. Jennifer Skaggs, representing the Streams Partners Program, was present and presented the Friends of Second Creek with a $5,000.00 grant to assist with their efforts in stream restoration. The Indian Creek

Watershed Association also received a grant to from the Streams Partnership Program in the same amount.

Herman Weiss Estate
Commissioner Porterfield made a motion to uphold a ruling made Fiduciary Commissioner Debra Dalton, in reference to the estate of Herman Weiss, and approve the final accounting of Mr. Weiss' estate as presented. Commissioner Pritt second the motion. Vote was unanimous. A copy of Ms. Dalton's ruling is placed in Mr. Weiss' estate file.

Prosecuting Attorney Rod Mohler
Prosecuting Attorney Rod Mohler appeared before Commissioners talking about supplemental pay for himself. Mr. Mohler said that he had received a grant for his assistant Prosecuting Attorney but she has since resigned. Mr. Mohler said the Prosecuting Attorney's Institute and the grantee of the grant said Mohler can receive the grant as additional compensation for himself. County Clerk Donnie Evans had contacted the State Auditor's Office and they advised that since he was an elected official, he could not accept any additional compensation. Mr. Mohler said he has asked for an opinion from the WV Ethics Commission and expects and answer tomorrow. Commissioners took no further action on this matter.

Flood Damage
Commissioners reviewed a letter from Joe Martin, Chief of Staff for Governor Joe Manchin, concerning flood damage caused to four privately owned bridges in the county. Mr. Martin said the Governor's Office would try to find funding for these bridges but it was going to be difficult due to they were not public property. Mr. Martin suggested the owners of these bridges contact their legislators and request a budget digest grant for the repairs.

Spruce Run Water Project
The County Clerk advised that the Spruce Run Water Project Grant has been submitted for consideration to Governor Manchin's Office.

Homeland Security Grant Funds
The County Clerk advised Commissioners that the County still hasn't received their reimbursement from the State for items purchased under the Homeland Security Grant.

John Porterfield/ Red Sulphur PSD
Commissioner Pritt made a motion to re-appoint John Porterfield to the Red Sulphur PSD Board of Directors effective today. Commissioner Mohler second motion. Motion carried 2-0. Commissioner Porterfield abstained since he is a brother to John Porterfield.

Estates Approved
Estate of Wade Herman Weiss by Thomas Weiss
Estate of Johnny Lee Craig by Barbara B. Craig
Estate of Frank L. Ritchie by Frank B. Lloyd

Estate of Dennis David Crosier by Harold Crosier
Estate of Lillie Mae Gadd by John Paul Gadd
Estate of Anna Hall Ballengee by Larry M. Hall
Estate of Anna Mae Jones by Dreama Coleman
Estate of Virginia Nell Lane by Sandra S. Via
Estate of Robert Kester Riner by Ruth Riner
Estate of Virginia Alice Caldwell by Linda M. Wilson

Exonerations Approved
Jeff and Debra Neel
James L. Canterbury
Jason Dean
Chadwick A. Peters
Gina Honaker
Orville Muska
David W. Smith
James W. Wickline
James Edward Mount

Vacation Order
It is ORDERED that all orders and proceedings had before the Clerk of the Monroe County Commission for the month of July 2005 be approved and confirmed.

Adjournment Order
Commissioner Pritt made a motion to adjourn at 4:30 pm. Commissioner Mohler second the motion. Vote was unanimous. It is ORDERED that the court be the same is hereby adjourned until regular session on September 7, 2005.

Dr. Craig Mohler, President

Monroe County Commission
Regular Session
October 1, 2001

State of West Virginia:
County of Monroe:

At a regular meeting of the Monroe County Commission called after notice and posting on the front door of the Courthouse of Monroe County, more than 48 hours prior to said meeting, being held on the 1st day of October 2001 at 9:00 a.m. with Oliver Porterfield, President, Dr. Craig Mohler and Franklin Campbell, Associate Commissioners, present. Also present was Donald J. Evans, County Clerk.

Brandon Mitchell
Clara Mitchell appeared before the Commission requesting that Valerie Comi be appointed as guardian for her minor son, Brandon Mitchell, age 15. Ms. Mitchell advised Commissioners that they lived in Summers County and her son Brandon wanted to live with her best friend, Valerie Comi, who resides in Monroe County. Commissioner Mohler made a motion to appoint Valarie Comi as guardian for Brandon Mitchell. Commissioner Campbell second the motion. Vote was unanimous. Brandon will attend James Monroe High School.

Sheriff's Deputies
Commissioners met with Sheriff Gerald Bland and all his deputies concerning the number of police cruisers that have been totaled in the last two or three months. Commissioners recently received a letter from William Guy, insurance agent for WV Board of Risk, the County's insurance carrier. Mr. Guy stated that "if the frequency of accidents of accidents continues, the County Commission is looking at a phenomenal increase in insurance premiums". Commissioners said they have had reports of deputies traveling at a high rate of speed. Sheriff Bland said they when they receive a call, they will get to the scene as soon as possible. Commissioners asked the deputies to drive responsible and to be careful, and asked the Sheriff to develop a policy in reference to deputies operating a police cruiser.

Rural Mountain Alliance
Reed VanDenberg, Marti Marshall and Judy Azualy appeared before the Commission providing an update of the Rural Mountain Alliance, formerly RUMCAB.

Lindside Sewer Project Funds
Commissioners recently advertised for interest bids on funds they have on deposit with BB&T. These funds are designated for the Lindside Sewer Project and total $1,039,000.00. Interest bids were received from the Bank of Monroe, First National Bank of Petestown and BB&T. The Bank of Greenville declined to place a bid. The Bank of Monroe's bid was 2.75% for the total of funds, First National Bank of Peterstown's bid

was 2.5% on $250,000.00, and BB&T's bid was Fed Funds target rate minus 15 basis points on the total of funds. Commissioner Campbell made a motion to deposit $250,000.00 with the First National Bank of Peterstown and the balance with the Bank of Monroe, with the stipulation that each bank pledges security for these funds. Commissioner Campbell second the motion. Vote was unanimous.

Gap Mills Post Office

At the request of Stephen Capaldo, Commissioner Campbell made a motion to adopt a resolution requesting that a plaque be placed in the Gap Mills Post Office dedicating the building in honor of Andrew S. Rowan. Commissioner Mohler second the motion. Vote was unanimous. Capaldo is working with Senator Rockefeller, Congressman Rahall and the US Postal Service on this project.

Lawrence Bradley

Commissioners reviewed a letter from the Monroe County Health Department concerning a trailer park owned by Lawrence Bradley, located near Peterstown. The Health Department advised Commissioners that the Health Department voted not to renew Mr. Bradley's trailer park permit, which expired September 30, 2001. Commissioner Mohler spoke with Sue Rosshirt from Greenbrier Housing Authority by phone this day. Ms. Rosshirt advised that the Housing Authority can provide housing vouchers to those individuals who live in this trailer park. Commissioners will speak with Prosecuting Attorney Rod Mohler to discuss this matter further.

Cellular Telephone Towers

Commissioner Mohler made motion stating that any new construction of a cellular phone tower or communication related tower, or any variance to an existing tower in Monroe County, must be approved by the County Commission. Commissioner Campbell second the motion. Vote was unanimous.

Stephen Capaldo

Commissioners reviewed a request from Stephen Capaldo asking the County Commission for $250.00 to go toward the purchase of a roadside marker. This roadside marker will have "Gap Mills" on one side and "William Jackson Humphreys" on the other side. The total cost is $1500.00. Capaldo received a grant from the State of West Virginia in the amount of $750.00. Commissioner Mohler made a motion to deny this request due to present budget restraints. Commissioner Campbell second the motion. Vote was unanimous. Commissioners appreciates all the work mr. Capaldo has done on this project.

Dennis Sibold/Red Sulphur Public Service District

Commissioner Campbell made a motion to re-appoint Dennis Sibold to the Board of Directors of the Red Sulphur Public Service District. Commissioner Mohler second the motion. Vote was unanimous. Commissioners asked the County Clerk to send Sibold a letter advising him that the Commission expects his cooperation on this board with other members.

Dorothy Richardson Estate

Commissioners discussed the Dorothy Richardson estate with Prosecuting Attorney Rod Mohler. A few months ago, the final settlement of Ms. Richardson was presented to the County Commission for approval. Commissioners did not approve this accounting until they consult with the Ethics Commission and inquire if the Sheriff can accept a fee for serving as an executor of an estate. Commissioners discussed this matter further on this day with Prosecuting Attorney Rod Mohler. Mohler will seek an opinion from Judge Irons and report back to the Commission.

Sheriff's Office Renovations

The County Clerk notified Commissioners that the renovations have been completed by Duane Miller Construction Services. The floor and ceiling were replaced and funding was provided through a grant from the State of West Virginia.

Division of Labor

County Clerk Donnie Evans advised Commissioners that he had spoken with Bob Allen, the Commission's attorney representing them in a lawsuit with the WV Division of Labor. Evans asked Allen if the County should proceed with this lawsuit or settle the matter. Allen said he would review the matter and get back with Evans.

Magistrate Office/Elizabeth Kountz

Elizabeth Kountz, Magistrate Court Clerk appeared before Commission requesting an air conditioner for the Magistrate Office. Kountz said the present air conditioner no longer works and is about 20 years old. Commissioner Mohler made a motion to approve this request. Commissioner Campbell second the motion. Vote was unanimous.

Red Sulphur Public Service District

Commissioner Campbell made a motion to authorizing the Red Sulphur Public Service District to extend their lines into Summers County, if necessary. Commissioner Mohler second the motion. Vote was unanimous.

Magistrate Office

Arthur Angus, Security Officer from the WV Supreme Court of Appeals recently advised Commissioner that "half doors" needed to be installed at the Magistrate Office. This would allow the bottom half of the door to remain closed and the top half to remain open. This measure would prohibit citizens from entering the office, but employees could still talk to these individuals. Magistrate Clerk Elizabeth Kountz told Commissioners on this day that they didn't want these doors installed. The County Clerk will speak to Mr. Angus and discuss this matter further.

Sinks Grove Property

Commissioners discussed the possibility of selling property in Sinks Grove that the County owns. Commissioners asked the County Clerk to send a letter to all registered voters in the Sinks Grove precinct and notify them that they will hold a public hearing on

this matter before making a final decision to sell the property. This hearing will be held on October 24, 2001 at 7:00 p.m. at the Courthouse. A notice will also be placed in the local newspaper notifying the public of this hearing.

Peterstown Bridge
The County Clerk said Danny Evans from the Department of Highways recently called the District Office to check the status of replacing the Peterstown Bridge. Evans said there was no new discussion on the matter.

Police Crusiers
Deputy Joe Galuszek notified Commissioners that the new police cruisers will arrive this Wednesday.

Lindside Sewer Project
Commissioner Mohler made a motion to approve drawdown #5 for the Lindside Sewer Project in the amount of $16,300.00 payable to Pentree Inc. for engineering services for the Lindside Sewer Project. Commissioner Campbell second the motion. Vote was unanimous.

Bicentennial Seal
Commissioner Campbell made a motion authorizing the County Tourism Bureau to use the County's Bicentennial Seal. Commissioner Mohler second the motion. Vote was unanimous.

County Bills
Commissioner Mohler made a motion authorizing the County Clerk to pay all of the County's delinquent bills, excluding Regional Jail bills, but further authorized him to pay the January Regional bill. Commissioner Campbell second the motion. Vote was unanimous.

Raymond Daugherty Estate
Commissioners reviewed an opinion from H.L. Sarver, Jr., fiduciary commissioner, in reference to the Raymond Daugherty estate. William Daugherty, son of Raymond Daugherty, objected to the final settlement of Raymond Daugherty. The County Commission referred the estate to Mr. Sarver. Mr. Sarver stated that he has reviewed the estate file and spoke with Betty Daugherty, executrix of the Raymond Daugherty estate. Mr. Sarver felt that in his opinion, Ms. Daugherty has done all that is required in the settlement of this estate. Based on Mr. Sarver's opinion, Commissioner Mohler made a motion to approve the final settlement of Raymond Daugherty. Commissioner Campbell second the motion. Vote was unanimous.

Exonerations approved

Verner Riffe	Emogene Allen	First Union National Bank
Marshall Vanscoy	Tasha Miller	Dewey Ashley
Tasha Miller	Dewey Ashley	Coy Burns

MONROE COUNTY COMMISSION
OATH Clerk 14
Date/Time: 08/15/2005 14:19
Inst #: 29578
Book/Page: 2- / 457-
Recd/Tax: .00 .00

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF MONROE, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of RSD Sulphur P.S.D Board Member *to the best of my skill and judgment SO HELP ME GOD.*

Subscribed and sworn before me, in said County and State, this 15 *day of* August, *20*05.

My Commission expires: September 13, 2012

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JULIA L. LIGHT
HC 77 BOX 294
BALLARD, WV 24918-9518
My commission expires September 13, 2012

NOTARY PUBLIC

MONROE COUNTY COMMISSION
OATH Clerk 14
Date/Time: 08/03/2005 11:18
Inst #: 29403
Book/Page: 2- / 456-
Recd/Tax: .00 .00

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF MONROE, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Board Member, Red Sulphur Public Service Dist *to the best of my skill and judgment SO HELP ME GOD.*

Subscribed and sworn before me, in said County and State, this 3Rd *day of* August, *2005.*

My Commission expires: JANUARY 31, 2012

Connie Thomas
NOTARY PUBLIC

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONNIE THOMAS
MONROE COUNTY COMMISSION
P. O. BOX 350
UNION, WV 24983
My commission expires January 31, 2012

Expired
Sept, 2011

324

MONROE COUNTY COMMISSION
OATH Clerk 03
Date/Time: 10/10/2001 13:25
Inst #: 10893
Book/Page: 2- / 324-
Recd/Tax: .00 .00

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF MONROE, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Board Member, Red Sulphur Public Service District to the best of my skill and judgment SO HELP ME GOD.

Dennis Sibold

Subscribed and sworn before me, in said County and State, this 10 day of Oct., 2001.

My Commission expires 6-28-2010.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYDIA B. HUFFMAN
MONROE CO. COMMISSION
P. O. BOX 350
UNION, WV 24583
My Commission Expires June 28, 2010

Lydia B. Huffman
NOTARY PUBLIC

WEST VIRGINIA, IN MONROE COUNTY CLERK'S OFFICE
October 10, 2001, at 1:25 p.m.

This oath was this day presented in this office and together with the certificate thereto annexed is admitted to record.

Donald J. Evans
Donald J. Evans, Clerk of the Monroe County Commission

STATE OF WEST VIRGINIA,
COUNTY OF MONROE, TO WIT:
I, DONALD J. EVANS, Clerk of the County Commission of Monroe County, do hereby certify that the foregoing and hereto annexed writing to a true copy of a OATH as found of record at this office in OATH Book No. 2 at Page No. 324
Given under my hand and seal of said commission this 24 day of July, 2008.
Donald J. Evans CLERK
MONROE COUNTY COMMISSION
BY B. Nicholas Deputy

RULES OF PROCEDURE

RED SULPHUR PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: RED SULPHUR PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Rt. 219, 200 Market Street, Peterstown, Monroe County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Red Sulphur 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 Monroe 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 third Tuesday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise 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 Monroe 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 Monroe 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

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 9th day of July, 2002.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 8th day of January, 2004.

CASE NO. 04-0032-PSD-CN

RED SULPHUR PUBLIC SERVICE DISTRICT, a public utility.
Application for a Certificate of Convenience and Necessity to construct wastewater facilities to upgrade the District's existing wastewater treatment plant, and wastewater collection system and to construct wastewater collection system extensions.

COMMISSION CORRECTIVE ORDER

Whereas, on January 8, 2004, the Commission entered an order in this proceeding directing Red Sulphur Public Service District to provide newspaper publication of the Notice of Filing of the certificate application;

Whereas, on January 8, 2004, the Executive Secretary's Office noted that there was a typographical error in the Commission's Initial January 8, 2004 order;

Whereas, the Commission is of the opinion that the typographical error should be corrected; and

THIS ORDERED that the case number designation of Case No. 04-0032-PWD-CN, be, and is hereby, is amended to read "Case No. 04-0032-PSD-CN".

IT IS FURTHER ORDERED that in all other respects the Initial Commission Order entered on January 8, 2004, remain in full force; and

IT IS FURTHER ORDERED that Red Sulphur Public Service District, a public utility, given notice of the filing of said certificate application, by publishing a copy of the corrected Commission Order (attached-hereto as "Attachment A") instead of the initial Commission Order entered previously on January 8, 2004.

IT IS FURTHER ORDERED that the Secretary of the Commission, be, and she hereby is, directed to serve a copy of this order upon all parties of record by United States First Class and upon Commission Staff by hand delivery.

FOR THE COMMISSION

Sandra Squire
Executive Secretary

Attachment A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 8th day of January, 2004.

CASE NO. 04-0032-PSD-CN

RED SULPHUR PUBLIC SERVICE DISTRICT a public utility.
Application for a Certificate of Convenience and Necessity to construct wastewater facilities to upgrade the District's existing wastewater treatment plant and wastewater collection system and to construct wastewater collection system extensions.

NOTICE OF FILING

WHEREAS, on January 8, 2004, Red Sulphur Public Service District, a public utility, filed an application, duly verified, for a Certificate to construct wastewater facilities to upgrade the District's existing wastewater treatment plant and wastewater collection system and to construct wastewater collection system extensions. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street in Charleston, West Virginia;

WHEREAS, Red Sulphur Public Service District estimates that construction will cost approximately $5,330,000.00. It is proposed that the construction will be financed as follows: a loan in the amount of $3,650,000.00 and a grant in the amount of $1,680,000.00 from the West Virginia Infrastructure Jobs and Development Council;

WHEREAS, the utility anticipates charging the following sewer rates for its customers based on water usage:

First 3,000 gallons used per month	$7.61 per 1,000 gallons
Next 4,000 gallons used per month	$7.19 per 1,000 gallons
Next 20,000 gallons used per month	$6.73 per 1,000 gallons
Next 75,000 gallons used per month	$6.12 per 1,000 gallons
All over 102,000 gallons	$5.69 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than the following amounts: $22.83 per month (based on 3,000 gallons)

UNMETERED CHARGE (based on 4,000 gallons) — $30.02 per month

LANDFILL LEACHATE and UNUSUAL WASTE CHARGE
The landfill leachate charge and unusual waste charges shall be a minimum of $7.61 per 1,000 gallons (alternate tariffs for users producing unusual wastes as may be approved by the PSC may be applicable).

These rates represent the following project-related increases:

	($) INCREASE	(%) INCREASE
Residential	$9.87	34%
Commercial, Industrial	$160.93	138%

The proposed increased rates and charges will produce approximately $190,873 annually in additional revenue, an increase of 79.09%.

The increases shown are based on average of all customers in the indicated class; individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of the filing.

SURFACE or GROUND WATER CHARGE
Where evidence of a violation exists, a surcharge to the customer may be added in accordance with Public Service Commission Rules, 4.12 Formula for calculating the surcharge for rain and surface water:
S= A x R x 0.00062 x C, where
S= surcharge in dollars
A= area draining into District's collection system in square feet
R= rainfall in inches
C= approved sewer charge ($7.61 per 1,000 gallons)

DELAYED PAYMENT PENALTY
The above tariff is net. On all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is applicable.

PRECONSTRUCTION CONNECTION CHARGE
The connection charge shall be $100.00 for all customers requesting service prior to the beginning of construction. After construction begins, the connection charge will be $300.00.

CONNECTION CHARGE
A fee of $300.00 will be charged for each new connection to the system.

BAD CHECKS-RETURNED CHECKS
If a check received is returned by the bank for any reason, the bank's charge to the Red Sulphur Public Service District shall be the District's charge to the customer for a bad check, up to a maximum charge of $15.00.

Pursuant to §24-2d-1, West Virginia Code, IT IS ORDERED that Red Sulphur Public Service District, a public utility, give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Monroe County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review.

Certificate Of Publication

OF WEST VIRGINIA

TY OF MONROE, S.S.:

Dale P. Mohler, publisher of THE MONROE WATCHMAN, do certify nnexed advertisement of "Notice of Public ce Commission Application and ssion Corrective Order"

se (matter) of Red Sulphur PSD # 04-0032-PSD-CN

lished Two (2) consecutive weeks in THE MONROE IMAN, a newspaper published at Union, Monroe County, West beginning the 29th day of January 2004

under my hand this 6th day of February 04

Dale A. Mohler
Publisher

under my hand this 6th day of February 04

Alice A. Bradley
Notary Public

commission expires on the 1st day of February 2008.

Alice A. Bradley
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ALICE A. BRADLEY
P.O. BOX 740
UNION, WV 24983
My commission expires February 01, 2008

Regular Meeting January 4, 2005 at 4:30 p.m.

Present: John Porterfield, Bob Williams and Dennis Sibley

Also present: Porter Robertson, Cousin Williams, Curtis White and Lu Ann Gow

No Guest Present.

First Order of Business for the New Year was election of officers.
John Porterfield nominated Dennis Sibley for Chairman; Second by Bob Williams.
Bob Williams made motion to appoint John Porterfield as Secretary/Treasurer, Second by Dennis Sibley.

Minutes of Previous Meeting approved as read
Motion: John Porterfield
Second Bob Williams, Unanimous by Board

No checks this meeting

John Porterfield made statement that he suggested each Board Member alternate & serve 1 year as Chairman.

Unfinished Business:

Brief discussion on the Town of Petersburg. Discussed rates for water sales and other items the Town has requested. After items are agreed on, copy will be given with minutes.

A motion by John Pateguila, second by Bob Williams to send a letter to PSC to approve & implement water rates for Phase II and state circumstances surrounding project that should have been completed. After that is done, we should also ask Commission to file for Rule 19-A, water rate increase. Motion was carried unanimously.

No response from Mrs. Todd's Attorney on the easement. This money has been ordered.

New Business:

Attorney for Board Council will meet with the Board on Tuesday, January 11th at 1:30 P.M. Sonny Johnstone will also attend.

Bob Williams discussed people on Back Valley Road, who want water. There are approximately 10 customers. Peter felt that we could possibly serve 3 customers now, however, to serve any more would

a pump.

Porter discussed a leak at Rock Camp. Materials to repair need to come out of project as well as the lessor.

Porter reported a water loss from Dry Pond tank, approx - 23,000 gallons per day. Porter will need to check this out, probably sometime during the very early morning hours.

Engineers Report - Pay Packs left for approval

Pay Pack # 25 Phase II

1.) Pentree, Inc.	$5189.49
Total	$5189.49

Pay Pack #22 - Phase I

1.) Jimmie & Margaret Shires	$15,000.00
2) Pentree, Inc	$4874.10
Total	$19,874.10

Motion to approve pay packs made by John Porterfield, second by Bob Williams and unanimous by board.

With No Further Business
Bro Williams made motion to
adjourn, seconded by John Portugal
and unanimous by Board.

Meeting adjourned at 5:30 P.M.

Francis Silva
John Portugal

cc: County Commission

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND RESOLUTION
AND SUPPLEMENTAL RESOLUTION

On this 11th day of August, 2005, the undersigned, SECRETARY of the Public Service Board of Red Sulphur Public Service District, hereby certifies that the following is a true and correct excerpt of minutes of a regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Red Sulphur Public Service District met in regular session, pursuant to notice duly posted, on the 2nd day of August, 2005, in Red Sulphur, West Virginia, at the hour of 4:30 p.m.

PRESENT:	Dennis Sibold	- Chairman
	John S. Porterfield	- Secretary/Treasurer
	Robert M. Williams, Sr.	- Member

ABSENT: None

Dennis Sibold, Chairman, presided, and John S. Porterfield acted as Secretary.

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

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND) AND AUTHORIZING THE FINANCING OF THE

ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF RED SULPHUR PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,150,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 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 LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Porterfied and seconded by Williams, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF RED SULPHUR PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER

DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Porterfield and seconded by Williams, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature as of the date first written above.

Secretary

07/25/05
742920.00002

CH759818.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 11, 2005

ISSUER: Red Sulphur Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 697, Route 219, Market Street, Petersburg, West Virginia 24963

PURPOSE OF ISSUE: New Money: X
Refunding: X

REFUNDS ISSUE(S) DATED: June 15, 1998

ISSUE DATE: August 11, 2005

CLOSING DATE: August 11, 2005

ISSUE AMOUNT: $ 4,150,000

RATE: 0%

1ST DEBT SERVICE DUE: December 1, 2007

1ST PRINCIPAL DUE: December 1, 2007

1ST DEBT SERVICE AMOUNT: $ 27,483.45

PAYING AGENT: West Virginia Municipal Bond Comm

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: First Community Bank
Contact Person: Nancy Utterback
Phone: (304) 753-4311

ESCROW TRUSTEE:
Contact Person:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Dennis Sibold
Position: Chairman
Phone: (304) 753.4003

OTHER: West Virginia Infrastructure & Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:
By: X Wire
Check

Accrued Interest: $
Capitalized Interest: $
Reserve Account: $
X Other: Refund 1998 Notes $ 171,504.97

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

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

NOTES: The Series 2005 A Bonds Reserve Account will be funded over 10 years.

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

CH759024.1

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

FIRST COMMUNITY BANK, Lindside, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Red Sulphur Public Service District (the "Issuer") adopted by the Issuer on August 2, 2005, and a Supplemental Resolution adopted by the Issuer on August 2, 2005 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 11, 2005, issued in the aggregate principal amount of $4,150,000 (the "Series 2005 A Bonds"), and agrees to serve as Depository Bank in connection with the Series 2005 A Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 11th day of August, 2005.

FIRST COMMUNITY BANK

By: Nancy A. Stutebach
Its: Authorized Officer

06/15/05
742910.00002

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Red Sulphur Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, dated August 11, 2005, in the principal amount of $4,150,000, numbered AR-1, was registered as to principal only and in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 11th day of August, 2005.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

07/25/05
742910.00002

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Red Sulphur Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 11, 2005, in the aggregate principal amount of $4,150,000 (the "Series 2005 A Bonds") and agrees to perform all duties of Registrar in connection with the Series 2005 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2005 A Bonds.

WITNESS my signature on this 11th day of August, 2005.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

06/15/05
742910.00002

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 11th day of August, 2005, by and between RED SULPHUR PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $4,150,000 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated the date hereof, in fully registered form (the "Series 2005 A Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted August 2, 2005, and a Supplemental Resolution of the Issuer duly adopted August 2, 2005 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2005 A Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2005 A Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Series 2005 A Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Red Sulphur Public Service District Post Office Box 697 Peterstown, West Virginia 24963 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Series 2005 A Bonds in accordance with the Bond Legislation.

9. 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 Left Blank]

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

RED SULPHUR PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

07/25/05
742910.00002

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date August 11, 2005

Red Sulphur Public Service District
Account Number 6089001809

Red Sulphur Public Service District
Combined Waterworks and Sewerage
System Revenue Bond, Series 2005 A
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR August, 2005

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA . . *
* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

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

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL(the "Council") and RED SULPHUR PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $2,019,160 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

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

RED SULPHUR PUBLIC SERVICE DISTRICT

By: Dennis Libell
Its: Chairperson
Date: August 11, 2005

(SEAL)

Attest:
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By:
Its: Director
Date: August 11, 2005

(SEAL)

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

000832/00466
07/11/05

PRIOR BOND RESOLUTIONS ON FILE WITH ISSUER

United States Department of Agriculture
Rural Development
West Virginia State Office

August 11, 2005

Red Sulphur Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of $4,150,000 (the "Bonds"), by Red Sulphur Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (a) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 21, 2003, issued in the original aggregate principal amount of $1,800,000; (b) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated July 11, 2002, issued in the original aggregate principal amount of $1,538,500; (c) Combined Waterworks and Sewerage System Revenue Bonds, Series 1999 (United States Department of Agriculture), dated May 20, 1999, issued in the original aggregate principal amount of $156,500; (d) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992, dated July 14, 1992, issued in the original aggregate principal amount of $1,979,000; (e) an assumed Waterworks Loan, dated November 10, 1977, issued in the original aggregate principal amount of $36,000; and (f) an assumed Waterworks Loan, dated May 3, 1967, issued in the original aggregate principal amount of $50,290 (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: (304) 284-4860 • 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).

WEST VIRGINIA
Water Development Authority
Celebrating 31 Years of Service 1974 - 2005

August 11, 2005

Red Sulphur Public Service District
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon the certificate of Jeffrey S. Feamster, CPA, an independent certified public accountant, stating that the coverage and parity requirements have been met (copy attached), the undersigned duly authorized representative for West Virginia Water Development Authority, the registered owner of the Series 1987 A Bonds and the Series 1987 B Bonds hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Bonds"), in the original aggregate principal amount of $4,150,000, by Red Sulphur Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 A (the "Series 1987 A Bonds"), and senior and prior as to liens, pledge and source of and security for payment to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B (the "Series 1987 B Bond").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yonkosky

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

CLOSING MEMORANDUM

To: **Financing Team**
From: **John C. Stump, Esquire**
Date: **August 11, 2005**
Re: **Red Sulphur Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO RED SULPHUR PUBLIC SERVICE DISTRICT

Payor:	West Virginia Infrastructure Fund
Source:	Series 2005 A Bonds Proceeds
Amount:	$290,987.03
Form:	Wire Transfer
Payee:	Red Sulphur Public Service District
Bank:	First Community Bank
Routing #:	051501299
Account #:	8001049
Contact:	Nancy Utterback (304) 753-4311
Account:	Series 2005 A Bonds Construction Trust Fund

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

Payor:	West Virginia Infrastructure Fund
Source:	Series 2005 A Bonds Proceeds
Amount:	$171,504.97
Form:	Wire Transfer
Payee:	West Virginia Municipal Bond Commission
Bank:	Branch Banking and Trust Company
Routing #:	051503394
Account #:	5270517317
Contact:	Sara Boardman (304) 558-3971
Account:	Notes Payment Fund to pay in full the Combined Waterworks and Sewerage System Design Note, Series 1998 (West Virginia Infrastructure Fund)

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date August 10, 2005 Time 1 p.m. LGA Red Sulphur PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sammie Cole	McKee Valley PLLC	380.1318	380.1880	sycc@jafcka.com
BERNIE YONKOSKY	WV WDA	558-3612	558-0299	dyonkosky@wvwda.org
Barbara B Meadows	Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org
John Stump	Steptoe & Johnson PLLC	304.353.8196	304.353.8181	stumpjc@steptoe-johnson.com
Doug Olds	WV WDA	558-3612	558-0299	dolds@wvwda.org

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

Name Cerasia Williams, Manager Telephone 304.753.4003 E-Mail —
Address P.O. Box 697, Route 219, Market Street Petersburg, West Virginia 24963

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

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
414 SUMMERS STREET, SECOND FLOOR
CHARLESTON, WV 25301

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0027286
SUBJECT: Sewage

ISSUE DATE: May 26, 2004
EFFECTIVE DATE : June 25, 2004
EXPIRATION DATE: May 25, 2009
SUPERSEDES: Permit No. WV0027286 dated May 10, 1996

LOCATION: PETERSTOWN (City) Monroe (County) Upper New River (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: RED SULPHUR PSD
PO BOX 697
PETERSTOWN, WV 24963

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
to operate and maintain two (2) existing sewage collection and treatment facilities as described:

Outlet No.001: This sewage collection and treatment system consists of approximately 1,000 linear feet of six (6) inch gravity sewer line; 91,000 linear feet of eight (8) inch diameter gravity sewer line; 4,000 linear feet of 10 inch diameter sewer line; 451 manholes; 10 cleanouts; one (1) lift station; 30 feet of six (6) inch diameter force main; a 0.223 million gallon per day (MGD) extended aeration sewage treatment facility consisting of a bar screen; communitor; grit separation and removal chamber; one (1) 180,000 gallon stormwater holding/flow equilization basin; two (2) 110,000 gallon each aeration chambers with a total capacity of 220,000 gallons; one (1) 42,200 gallon clarifier; two (2) 4,600 gallon each chlorine contact chambers with chlorinator with total capacity of 9,200 gallons, one (1) 1,350 gallon post aeration chamber and dechlorination contact chamber; one (1) 2,000 gallon post sulphur dioxide dechlorinationor; 2,960 square feet of sludge drying beds; one (1) 2,900 gallon sludge decant tank; and all necessary appurtenances.

These facilities are to serve approximately 2,800 persons in Red Sulphur Public Service District and to discharge treated wastewater via Outlet No. 001 to Rich Creek (3.0 miles from its mouth) of the New River of the Kanawha River.

Outlet No. 002: This sewage collection and treatment system consists of approximately 2,500 linear feet of eight (8) inch diameter gravity sewer line; 11 manholes; a 0.035 million gallons per day (MGD) extended aeration sewage treatment facility consisting of a bar screen; trash trap; one (1) 7,500 gallon flow surge chamber; one (1) 35,000 gallon aeration chamber; one (1) 5,834 gallon clarifier; one (1) 1,100 gallon chlorine contact tank; one (1) 950 gallon post aeration chamber; one (1) 3,750 gallon sludge holding tank; and all necessary appurtenances.

These facilities are to serve the existing Industrial Park and surrounding vicinity at the Coulters Chapel and the Monroe County High School Complex and to discharge treated wastewater to Hans Creek (11.1 miles from its mouth) of Indian Creek of the New River of the Kanawha River.

Outlet No. 003: To construct, install, operate and maintain a proposed wastewater collection system consisting of

215 gpm lift station and approximately 3,350 feet of six (6) inch forcemain; an 80 gpm lift station and 3,700 feet of four(4) inch forcemain; a 50 gpm lift station and 575 feet of three (3) inch forcemain; 135 linear feet of 18-inch gravity sewers; 400 linear feet of 16-inch gravity sewers; 2,800 linear feet of 15-inch gravity sewers; 110,700 linear feet of 8-inch graivity sewers; 33,400 linear feet of 6-inch gravity sewers; 701 manholes; 60 clean-outs; and all necessary appurtenances.

To construct, install, operate, and maintain a 1,950 gpm stormwater lift station and 110 linear feet of 12-inch forcemain.

To construct, install, operate, and maintain a proposed 750,000 gallon per day sequential batch reator treatment facility. This will consist of a 1,400 gpm main plant lift station with 265 feet of 12-inch forcemains; a 2.74 mgd Microstrainer and manual bar screen; a grit chamber; two (2) 404,000 gallon sequential batch reaction chambers for aeration and clarification; one (1) 16,800 gallon post aeration tank; one (1) 74,000 gallon equalization tank; two (2) 3.2 mgd ultraviolet disinfection units; one (1) cascade aerator; one (1) 192,000 gallon aerobic digestor; one (1) 0.7 mgd belt tower press dewatering unit; one (1) 272,000 gallon stormwater tank including two (2) 4,600 gallon chlorine contact chambers; and one (1) 1,350 gallon dechlorination chamber; and all necessary appurtencances.

This new plant will replace the existing plants (Outlet Nos. 001 and 002) and will discharge treated wastewater to Rich Creek (3.0 miles from its mouth) of the New River of the Kanawha River.

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0027286 dated the 26th day of November, 2003, additional information submitted on the 1st day of April, 2003, and the Red Sulphur Public Service District Wasewater System Upgrade Plans, Specifications, and Reports approved July 11, 2002 (SRF No. C-544030), and all other information provided, are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, D, E, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Division of Water and Waste Management
414 Summers Street, Second Floor
Charleston, West Virginia 25301
Phone (304) 558-4086
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Stephanie R. Timmermeyer
Cabinet Secretary

May 26, 2004

ROBERT M WILLIAMS SR, CHAIRMAN
RED SULPHUR PSD
PO BOX 697
PETERSTOWN, WV 24963

CERTIFIED RETURN RECEIPT REQUESTED

Dear Permittee:

Enclosed please find WV/NPDES Permit Number WV0027286 dated May 26, 2004.

Please note that a Discharge Monitoring Report (DMR) is to be completed and submitted to this Division each month. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this Division does not supply permittees with DMR forms.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Department of Environmental Protection
Environmental Enforcement
116 Industrial Dr
Oak Hill, WV 25801–8320

Also, please note the attachment to this permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

If you have any questions, please contact William Sentman of this Division at (304) 558-4086 or our TDD number (304) 558-2751.

Sincerely,

John D. Morgan
Interim Program Manager
Permitting Section

JDM:ws

Enclosures

Permit Number: WV0027286

Permittee: RED SULPHUR PSD

cc: Bureau of Public Health
Construction Assistance
Env. Insp. Supv.
Env. Insp.
Environmental Enforcement
Public Service Commission

CERTIFICATE OF PROPERTY INSURANCE

INSURED: RED SULPHUR PUBLIC SERVICE DISTRICT

P.O. BOX 697
PETERSTOWN, WV 24963

CERTIFICATE NO: P 2703 - Sep 1, 1992

This certifies that the Additional Insured named above is insured for first party Property Coverages procured and/or administered by the West Virginia Board of Risk and Insurance Management (BRIM). The coverages are provided through a combination of custom designed and conventional commercial insurance products.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS CONTAINED IN THE POLICIES.

COVERAGE PERIOD: Jul 1, 2005 to Jul 1, 2006 12:01 a.m. Eastern Time

LIMIT OF LIABILITY: Stated values, for real and personal property, which have been declared to and accepted by BRIM, not to exceed the maximum coverage procured by BRIM.

THIS POLICY DOES NOT COVER DAMAGE FROM FLOOD. FOR INFORMATION ABOUT FLOOD INSURANCE, CONTACT THE NATIONAL FLOOD INSURANCE PROGRAM OR YOUR INSURANCE AGENT.

SPECIAL LIMITS: Each policy shall be governed by the special limits of liability contained therein.

DEDUCTIBLE: The State of West Virginia has a $1,000,000.00 deductible on coverages it procures. The above listed insured has a $2,500 deductible that is applicable to each loss.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

BY: Bob Mills
AUTHORIZED REPRESENTATIVE

DATED: June 22, 2005

AGENT OF RECORD: MCKLARNEY, NICOLE CHINAULT

PO BOX 575
PETERSTOWN, WV 24963

CERTIFICATE OF LIABILITY INSURANCE

ADDITIONAL INSURED: RED SULPHUR PUBLIC SERVICE DISTRICT
P.O. BOX 697
PETERSTOWN, WV 24963

CERTIFICATE NO: L 2703 - Sep 1, 1992

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 5743286 and Automobile Policy CA 2713242 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2005 to Jul 1, 2006 12:01 a.m. Eastern Time

COVERAGE AFFORDED: Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Coverage
Comprehensive Auto Liability Coverage
Auto Physical Damage Insurance
Garagekeepers Insurance

LIMIT OF LIABILITY: $1,000,000 each occurence* and is SUBJECT TO $2,500 DEDUCTIBLE. *For all coverages combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS: The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of $1,000.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

Claims Made Prior Acts Date: September 1, 1992

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

BY: Bob Mills DATED: June 22, 2005
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: MCKLARNEY, NICOLE CHINAULT

PO BOX 575
PETERSTOWN, WV 24963

RED SULPHUR PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A
(West Virginia Infrastructure Fund)

RECEIPT OF PAYMENT OF THE PRIOR NOTES

The undersigned, authorized representative of the West Virginia Municipal Bond Commission ("Commission") hereby certifies as follows:

On this 11th day of August, 2005, the Commission received $171,504.97 from Red Sulphur Public Service District and such sum is sufficient to pay in full on the date hereof the entire outstanding principal of and all accrued interest on the Red Sulphur Public Service District Combined Waterworks and Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (the "Prior Notes"), dated June 15, 1998, and discharge the liens, pledges and encumbrances securing such Prior Notes.

WITNESS my signature on this 11th day of August, 2005.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

07/25/05
742910.00002

CANCELLED
PAID IN FULL
DATE: 8.12.05
BY: Barbara B Meadows, CPA

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
RED SULPHUR PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM
DESIGN NOTE, SERIES 1998
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $180,600

KNOW ALL MEN BY THESE PRESENTS: That RED SULPHUR PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Monroe County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the 15th day of June, 2001, the principal sum of One Hundred Eighty Thousand Six Hundred Dollars ($180,600), 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 hereto and incorporated herein by reference as a part hereof, with no interest. The Administrative Fee (as defined in the hereinafter described Notes Legislation) in the amount of 3% as set forth in the Loan Agreement (as hereinafter defined) shall also be payable on the 15th day of June, 2001.

The principal of this Note and the Administrative Fee are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 dated June 15, 1998, by and between the Issuer and the Authority, on behalf of the Council.

This Note is issued (i) to temporarily finance a portion of the costs of design of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the design of the aforementioned improvements and extensions is herein referred to as the "Project", and the existing public combined waterworks and sewerage system of the Issuer, together with any further additions, betterments and improvements thereto, including those contemplated by the Project, are collectively referred to as the "System") and (ii) to pay the costs of issuance hereof and

CANCELLED
PAID IN FULL
DATE: 8.12.05
BY : BBM

related costs. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution duly adopted by the Issuer on June 9, 1998, and a Supplemental Resolution duly adopted by the Issuer on June 9, 1998 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of this Note is payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; and (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer secured by or payable from revenues of the System issued subsequent to the issuance of this Note. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer secured by or payable from revenues of the System are issued by the maturity date of the Notes, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer secured by or payable from revenues of the System are issued or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer, secured by or payable from revenues of the System, are issued, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years, provided that the holders of any outstanding debt secured by the System shall consent to the payment of the Notes from the Net Revenues generated from the project, as required. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer secured by or payable from revenues of the System are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes

CANCELLED
PAID IN FULL
DATE: 8.12.05
BY : BJM

Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of One Valley Bank, National Association, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of design of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

CANCELLED
PAID IN FULL
DATE: 8.12.05
BY : BM

IN WITNESS WHEREOF, RED SULPHUR PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated June 15, 1998.

[SEAL]

Dennis Sibold
Chairperson

Attest:

Teresia C. Williams
Secretary

CANCELLED
PAID IN FULL
DATE: 8.12.05
BY : BBM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owned set forth above.

Date: June 15, 1998

ONE VALLEY BANK, NATIONAL
ASSOCIATION, Registrar

Charlotte S Morgan

Authorized Officer

WEST VIRGINIA INFRASTRUCTURE FUND

RECORD OF ADVANCES

Project Name: Red Sulphur PSD

Date Closed: 6/15/98

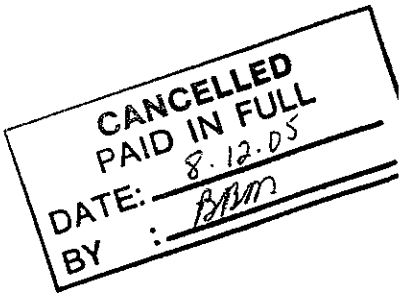
CANCELLED
PAID IN FULL
DATE: 8.12.05
BY : BJM

Loan Amount: $180,600
Series 1998

	Amount	Date	Amount	Date
1	$30,350	06/15/1998		
2	31,000	03/17/1999		
3	32,500	07/13/1999		
4	26,000	12/10/1999		
5	41,039	09/29/2000		
6	19,711	05/31/2001		
7				
8				
9				
10				
11				
12				
13				
14				
15				
	$180,600			

Total $180,600

c Municipal Bond Commission
Water Development Authority
Jackson & Kelly PLLC
Steptoe & Johnson PLLC



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

_____

IN THE PRESENCE OF:

_____

AGREEMENT

THIS AGREEMENT made between the TOWN OF PETERSTOWN, a Municipal Corporation (Peterstown) and RED SULPHUR PUBLIC SERVICE DISTRICT a Political Subdivision of Monroe County, West Virginia, (Red Sulphur).

1. BACKGROUND OF THIS AGREEMENT: By Agreement dated January 25, 1964, Peterstown transferred to Red Sulphur, and Red Sulphur accepted from Peterstown, the operation and maintenance of the combined water and sewer systems of Peterstown. That Agreement was approved by the Public Service Commission of West Virginia on April 7, 1964 in Case No. 5802. Under the terms of that Agreement, Red Sulphur was to operate and maintain the combined water and sewer systems of Peterstown for a period of 40 years; Peterstown granted to Red Sulphur the option to renew and extend that Agreement for an additional period of 40 years upon the payment of the sum of $100.00.

In October, 2003, Red Sulphur tendered to Peterstown the payment of $100.00 for the renewal of the contract for an additional term of 40 years. Peterstown requested clarifications and modifications, and Peterstown and Red Sulphur have agreed to certain clarifications, modifications, and extensions of the January 25, 1964, Agreement (the 1964 Agreement). In consideration of the mutual promises and understandings made within this Agreement concerning raw and treated water being made available to Peterstown, and an additional term of this Agreement being made available to Red Sulphur, Peterstown and Red Sulphur agree to modify the 1964 Agreement as stated herein.

2. USE OF UNTREATED WATER FROM SPRINGS: As a part of the 1964 Agreement, Peterstown assigned to Red Sulphur the use of springs known locally as the "Coburn Spring" and the "Hancock Spring". Peterstown desires to have access to raw water not used by Red Sulphur in its water treatment operations from these Springs.

Red Sulphur agrees that, subject to Federal, State, and local regulatory agency requirements and any existing stipulations in the Deeds with the current property owners, Peterstown may access and use all raw water from the Coburn Spring (also known as the lower spring) in excess of raw water used and required by Red Sulphur for its operations. Red Sulphur shall provide to Peterstown access to the excess raw water from the Coburn Spring at Red Sulphur's water treatment plant site.

Red Sulphur agrees that Peterstown shall have the right to use raw water from the Hancock Spring (also known as the upper spring), subject to Federal, State, and local regulatory agency requirements and any existing stipulation in that Deed. Red Sulphur reserves the right to use all the excess raw water from the Hancock Spring that is not used by Peterstown.

3. BULK WATER PURCHASE: Peterstown shall, at its option, become a customer of Red Sulphur for the purchase of bulk treated water. Red Sulphur shall provide a metered tap, at no cost for the tap, to Peterstown for treated water on an existing main at a location to be mutually agreed by Peterstown and Red Sulphur.

Red Sulphur has the capacity currently, and in the foreseeable future, to supply Peterstown up to 750,000 gallons of treated water per month. When requested by Peterstown, Red Sulphur shall annually notify Peterstown of the availability of the 750,000 gallons of treated water per month for purchase by Peterstown. Peterstown agrees to

purchase water at regular intervals during the month; provided, however, at no time shall Peterstown be entitled to purchase more that 100,000 gallons in any 24 hour period. In the event that Peterstown requests or requires an amount in excess of 750,000 gallons per month, Red Sulphur will review and consider that request and shall consult with Peterstown on its current capacity and demands for service.

4. PETERSTOWN AS A CUSTOMER: Peterstown and Red Sulphur agree that Peterstown shall become a customer of Red Sulphur for the purchase of bulk treated water. As a customer, Red Sulphur shall supply to Peterstown treated water as it is available to Red Sulphur. In the event of an act of God, a change in Federal, State of local regulatory requirements, or circumstances beyond the control of Red Sulphur that would cause it to be unable to provide 750,000 gallons of treated water per month to the Town of Peterstown for purchase to resell, Red Sulphur shall immediately notify Peterstown and demonstrate the circumstances to justify the reduction in supply, which shall occur pro-rata to all customers of Red Sulphur, as provided by the Rules of the Public Service Commission.

5. BULK RATE: Red Sulphur and Peterstown agree that the initial bulk rate to Peterstown for 1,000 gallons of water purchase shall be approximately $2.00, with no minimum charge. The bulk water rate calculation shall be based upon the share of the total cost of the water operations attributable to the water source and water production – related costs, including operation and maintenance expenses, taxes, loan payments, loan reserve, repair and replacement reserve of 2 ½% of total related costs, and plant additions reserve of 5% of the total related costs, which shall not include costs of non-Peterstown distribution areas, such as Rock Camp, Ballard, Dry Pond, Bozoo and Greenville. The

calculations for this bulk rate are subject for review by Peterstown and subject to review and approval of the Public Service Commission of West Virginia. The bulk rate water calculation shall be reviewed at least every 24 months. Either party may request that the Public Service Commission of West Virginia review the bulk water rate at other times if there are changes in the costs of operations related to treated water costs. The decision of the Public Service Commission of West Virginia shall be final and binding upon both parties.

6. TERM OF THIS AGREEMENT: This Agreement shall be renewed and extended for a period of 40 years to January 25, 2044, upon the execution of this Agreement and by the payment of $3,500.00 by Red Sulphur to Peterstown.

In addition, so long as raw water and treated water is available to Peterstown as stated within this Agreement, Red Sulphur may, at its option, extend this Agreement term an additional 10 years by the payment to Peterstown of the sum of $500.00, which may occur within 90 days of every ten year anniversary of this Agreement, which anniversary is set as January 25; the first ten year anniversary shall be January 25, 2014. For example, if Red Sulphur shall, within 90 days of January 25, 2014, pay to Peterstown the sum of $500.00, then this Agreement shall be extended upon the payment of that $500.00 to January 25, 2054.

The parties agree that the purpose of this provision is to permit Red Sulphur to continue to repair, maintain, upgrade, and extend the water and sewer facilities and to be able to grant a security interest to any funding agency for a period of at least 40 years.

7. CONDITIONS PRECEDENT: This Agreement, and the bulk rate established herein, shall be subject to the review and approval of the Public Service

Commission of West Virginia. The parties agree that, upon the approval of their respective governing bodies, to submit this Agreement for review and approval in Case No. 04-1443-WS-C, currently pending before the Commission, which contract will resolve the complaint between Peterstown and Red Sulphur.

8. OTHER PROVISIONS OF THE 1964 AGREEMENT: Except as specifically modified within this Agreement, the Agreement of January 25, 1964, between Peterstown and Red Sulphur shall remain in full force and effect.

WITNESS the following signatures.

TOWN OF PETERSTOWN

BY: _____
PHILLIP SHREWSBURY
Its Mayor

RED SULPHUR PUBLIC SERVICE DISTRICT

BY: _____
DENNIS SIBOLD
Its Chairman

STATE OF WEST VIRGINIA

COUNTY OF Monroe, to-wit:

I, Ceresia C. Williams a notary public in and for said state, do hereby certify that PHILLIP SHREWSBURY, who signed to the writing above, bearing the date of 10 May 2005, for TOWN OF PETERSTOWN has this day acknowledged before me the said writing to be the act and deed of said corporation.

Given under my hand this 10th day of May, 2005.

My commission expires: August 22, 2010.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CERESIA C. WILLIAMS
Route 1, Box 192
Peterstown, WV 24963
My Commission Expires Aug. 22, 2010

(SEAL)

Ceresia C. Williams
NOTARY PUBLIC

STATE OF WEST VIRGINIA

COUNTY OF Monroe, to-wit:

I, Ceresia C. Williams, a notary public in and for said state, do hereby certify that DENNIS SIBOLD, who signed to the writing above, bearing the date of 10 May 2005, for RED SULPHUR PUBLIC SERVICE DISTRICT has this day acknowledged before me the said writing to be the act and deed of said corporation.

Given under my hand this 10th day of May, 2005.

My commission expires: August 22, 2005.

Ceresia C. Williams
NOTARY PUBLIC

(SEAL)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CERESIA C. WILLIAMS
Route 1, Box 192
Peterstown, WV 24963
My Commission Expires Aug. 22, 2010

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 4th day of May, 2005.

CASE NO. 04-1443-WS-C

RED SULPHUR PUBLIC SERVICE DISTRICT,
a public utility, Complainant,

v.

TOWN OF PETERSTOWN,
a municipal utility, Defendant.

COMMISSION ORDER

The Commission approves the agreement and dismisses the complaint as resolved.

BACKGROUND

On August 31, 2004, Red Sulphur Public Service District (District) filed a formal complaint against the Town of Peterstown (Town). The District stated that it had an agreement with the Town authorizing the District to operate the water and sewer system of the Town for a term of forty (40) years. The agreement was dated January 25, 1964 and approved by the Commission on April 7, 1964. The District had the right to renew the agreement upon payment of $100 prior to the expiration of the original term.

In its complaint, the District alleged that the Town had wrongfully failed to renew the agreement. The District alleged that the refusal has jeopardized its bonded obligations and that the District would have to proceed with condemnation to acquire the Town's property rights. The District asked that the Commission require the agreement to be renewed under the terms offered by the District and refused by the Town.

On September 13, 2004, the Town answered the complaint. The Town asserted that it did not refuse to renew the agreement, but that there were matters between the parties that were not covered in the original contract that needed to be resolved. The Town stated that the District had been using the Town's water resource, without charge, and that the District

With approval of the Revised Agreement, with modifications, Staff recommended that the complaint be dismissed as resolved.

On April 8, 2005, the Town filed a response to the Staff recommendation. The Town objected to the recommendation that the Town be required to pay for all services. The Town stated that its original agreement with the District had been approved by the Commission and that any subsequent cases decided by the Commission to disapprove of such provisions should not apply. The Town argued that its free service provision was "grandfathered."

The Town stated that the consideration for the original agreement was $100 for a term of forty years, or $2.50 per year. The Town argued that the exchange for such a low lease payment by the District was the Town's receipt of free water service. The Town noted that Staff did not include proposed charges for service or what the charges would include, i.e. Town Hall, fire department, or how the Town would fund such charges. The Town noted that the original agreement allowed the District to extend the term for $100 so that the consideration is the same.

If the Commission decides not to approve the Revised Agreement as submitted, the Town asked that it be approved contingent upon Staff performing a study to determine appropriate charges to the Town and to determine the appropriate lease payment to the District. Additionally, the Town wanted the ability to amend the Revised Agreement if, due to financial issues, it would be necessary to modify the Town's rates or the District's lease payments.

On April 21, 2005, a second Revised Agreement was filed by the District and the Town incorporating changes suggested by Staff. The parties noted that the term of the second Revised Agreement was changed to forty (40) years in order to conform to state law; paragraph 3 was amended to indicate that the Town would receive only a free tap for purchase of bulk water; and paragraph 4 was amended so that in the event of a reduction in water supply to the Town it would be treated the same as any other customer.

On April 22, 2005, Staff filed a Further Joint Staff Memorandum. Staff indicated that the prior concern regarding the provision of free water had been addressed and is no longer warranted. Staff recommended that the second Revised Agreement be approved.

DISCUSSION

The second Revised Agreement is subject to prior Commission consent and approval pursuant to *W.Va. Code* § 24-2-12. That section provides:

Public Service Commission
of West Virginia
Charleston

second Revised Agreement was changed to forty (40) years in order to conform to state law; paragraph 3 was amended to indicate that the Town would receive only a free tap for purchase of bulk water; and paragraph 4 was amended so that in the event of a reduction in water supply to the Town it would be treated the same as any other customer.

7. Staff recommended that the second Revised Agreement be approved. (Further Joint Staff Memorandum, April 22, 2005.)

CONCLUSIONS OF LAW

1. The Commission concludes that it is reasonable to grant prior consent for the parties to enter into the second Revised Agreement filed on April 21, 2005.

2. The complaint will be dismissed as resolved.

ORDER

IT IS, THEREFORE, ORDERED that the Red Sulphur Public Service District and the Town of Peterstown are hereby granted consent and approval to enter into the Agreement filed with the Commission on April 21, 2005.

IT IS FURTHER ORDERED that the complaint filed on August 31, 2005, by the Red Sulphur Public Service District against the Town of Peterstown is dismissed as resolved.

IT IS FURTHER ORDERED that upon entry of this order, this case shall be removed from the Commission's docket of active cases.

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

JMH/sek
041443c.wpd