

**SALT ROCK SEWER PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)**

**BOND TRANSCRIPT**

**Table of Contents**

**BASIC DOCUMENTS**

1. Bond Resolution
2. Supplemental Resolution
3. Series 2004 A Bond Purchase Agreement
4. Series 2004 B Bonds Loan Agreement
5. Public Service Commission Orders
6. Infrastructure Council Approval
7. Cross-Receipt for Bonds and Bond Proceeds
8. Direction to Authenticate and Deliver Bonds
9. Specimen 2004 A Bond
10. Specimen 2004 B Bond

## **OPINIONS OF COUNSEL**

11. Approving Opinion on Series 2004 A Bonds of Steptoe & Johnson PLLC, Bond Counsel
12. Approving Opinion on Series 2004 B Bonds of Steptoe & Johnson PLLC, Bond Counsel
13. Opinion of Counsel to Issuer
14. Title Opinion

## **CERTIFICATES**

15. General Certificate of Issuer and Attorney
16. Certificate of Engineer, with Schedule A Attached
17. Certificate of Certified Public Accountant
18. Certificate as to Use of Proceeds

## **DOCUMENTS OF THE ISSUER**

19. County Commission Orders Creating District
20. County Commission Orders Appointing Current Boardmembers
21. Oaths of Office of Current Boardmembers
22. Rules of Procedure
23. Affidavit of Publication on Prefiling Notice
24. Minutes of Current Year Organizational Meeting
25. Excerpt of Minutes on Adoption of Bond Resolution and Supplemental Resolution
26. Municipal Bond Commission New Issue Reports - Series 2004 A Bonds and Series 2004 B Bonds

## **MISCELLANEOUS DOCUMENTS**

27. Acceptance of Appointment as Depository Bank
28. Acceptance of Duties as Registrar
29. Certificate of Registration of Bonds
30. Registrar's Agreement
31. NPDES Permit
32. 1987, 1990 & 2003 A and 2003 B Bond Resolutions and Supplemental Resolutions
33. Consent of West Virginia Water Development Authority
34. Infrastructure Council Grant Agreement
35. Evidence of Insurance
36. Receipt for Payment of Series 1998 Bonds
37. Receipt for Payment of Series 2003 C Bonds
38. Closing Memorandum

**SALT ROCK SEWER PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)**

**BOND RESOLUTION**

**Table of Contents**

<b>Subject</b>	<b>Page</b>
<b>ARTICLE I</b>	
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>	
Section 1.01 Authority for this Resolution	2
Section 1.02 Findings	2
Section 1.03 Bond Legislation Constitutes Contract	5
Section 1.04 Definitions	6
<b>ARTICLE II</b>	
<b>AUTHORIZATION OF THE PAYMENTS OF THE DESIGN BONDS AND THE ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>	
Section 2.01 Authorization of the Design, Acquisition and Construction of the Project	16
Section 2.02 Authorization of Payment of Design Bonds	16

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

Section 3.01	Authorization of Bonds	17
Section 3.02	Terms of Bonds	17
Section 3.03	Execution of Bonds	18
Section 3.04	Authentication and Registration	18
Section 3.05	Negotiability, Transfer and Registration	18
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	19
Section 3.07	Bonds not to be Indebtedness of the Issuer	20
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds	20
Section 3.09	Delivery of Bonds	20
Section 3.10	Form of Bonds	21
	FORM OF SERIES 2004 A BOND	22
	FORM OF SERIES 2004 B BOND	31
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreements	40
Section 3.12	Filing of Amended Schedule	40

**ARTICLE IV**  
**[RESERVED]** 41

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

Section 5.01	Establishment of Funds and Accounts with Depository Bank	42
Section 5.02	Establishment of Funds and Accounts with Commission	42
Section 5.03	System Revenues; Flow of Funds	42

**ARTICLE VI**  
**BOND PROCEEDS**

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	48
Section 6.02	Disbursements from the Series 2004 A Bonds Construction Trust Fund	49
Section 6.03	Disbursements from the Series 2004 B Bonds Construction Trust Fund	50

**ARTICLE VII  
ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01	General Covenants of the Issuer	51
Section 7.02	Bonds not to be Indebtedness of the Issuer	51
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds	51
Section 7.04	Initial Schedule of Rates and Charges	51
Section 7.05	Sale of the System	52
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	53
Section 7.07	Parity Bonds	54
Section 7.08	Books; Records and Audit	55
Section 7.09	Rates	57
Section 7.10	Operating Budget and Monthly Financial Report	58
Section 7.11	Engineering Services and Operating Personnel	59
Section 7.12	No Competing Franchise	59
Section 7.13	Enforcement of Collections	60
Section 7.14	No Free Services	60
Section 7.15	Insurance and Construction Bonds	60
Section 7.16	Mandatory Connections	62
Section 7.17	Completion of Project; Permits and Orders	63
Section 7.18	Tax Covenants	63
Section 7.19	Statutory Mortgage Lien	64
Section 7.20	Compliance with Loan Agreements and Law	64
Section 7.21	Securities Laws Compliance	65
Section 7.22	Contracts; Public Releases	65

**ARTICLE VIII  
INVESTMENT OF FUNDS**

Section 8.01	Investments	66
Section 8.02	Certificate as to Use of Proceeds	66

**ARTICLE IX  
DEFAULT AND REMEDIES**

Section 9.01	Events of Default	68
Section 9.02	Remedies	68
Section 9.03	Appointment of Receiver	68

**ARTICLE X  
PAYMENT OF BONDS**

Section 10.01	Payment of Bonds	71
---------------	------------------	----

**ARTICLE XI  
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation	72
Section 11.02	Bond Legislation Constitutes Contract	72
Section 11.03	Severability of Invalid Provisions	72
Section 11.04	Headings, Etc.	72
Section 11.05	Conflicting Provisions Repealed; Prior Resolutions	72
Section 11.06	Covenant of Due Procedure, Etc.	73
Section 11.07	Public Notice of Proposed Financing	73
Section 11.08	Effective Date	73
	<b>SIGNATURES</b>	74
	<b>CERTIFICATION</b>	75
	<b>EXHIBIT A</b>	76

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE DISTRICT'S SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM) AND THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA INFRASTRUCTURE FUND), THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$11,068,062 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN \$7,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SALT ROCK SEWER 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, Chapter 22C, Article 2 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. Salt Rock Sewer Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Cabell County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage system of the Issuer, consisting of constructing a new wastewater treatment plant, a transmission main to bring waste from Culloden Public Service District and the Town of Milton to the new wastewater treatment plant and extensions to the Issuer's sewerage collection system to serve more than 700 new customers in the Blue Sulphur, Cyrus Creek and Fudges Creek areas, together with all appurtenant facilities, which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer (collectively, the "Project") (the existing public sewerage facilities of the Issuer, the Project and any further extensions or improvements thereto are herein called the "System").

C. The Issuer has heretofore issued its Series 1998 A Bonds and its Series 2003 C Bonds (collectively, the "Design Bonds"), as more fully described herein, to temporarily finance a portion of the cost of design of the Project and hereby determines that it is necessary and desirable to permanently finance and pay in full the Design Bonds.

D. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project and the payment of the Design Bonds through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") pursuant to the Act.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), in the aggregate principal amount of not more

than \$11,068,062 (the "Series 2004 A Bonds") and Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$7,500,000 (the "Series 2004 B Bonds" and, together with the Series 2004 A Bonds, the "Series 2004 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project and to pay the Design Bonds in full. 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 2004 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding six (6) months after completion of acquisition and construction of the Project; amounts which may be deposited in the respective Reserve Accounts (as hereinafter defined); the costs of paying the Design Bonds in full; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of design, acquisition and construction of the Project, 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 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that the Series 2004 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "SRF Loan Agreement") and that the Series 2004 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the Issuer, the Authority and the Council (the "Council Loan Agreement"), both of which are approved hereby if not previously approved by resolution of the Issuer (collectively, the "Loan Agreement").

H. Upon payment of the Design Bonds, there are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2004 Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2004 Bonds as follows:

[Remainder of Page Intentionally Left Blank]

	<u>Designation</u>	<u>Lien Position</u>
1.	Sewer Revenue Bonds, Series 1987 A, dated April 15, 1987, issued in the original aggregate principal amount of \$1,185,479 (the "Series 1987 A Bonds")	First Lien
2.	Sewer Revenue Bonds, Series 1987 B, dated April 15, 1987, issued in the original aggregate principal amount of \$290,771 (the "Series 1987 B Bonds")	Second Lien
3.	Sewer Revenue Bonds, Series 1990 A, dated March 2, 1990, issued in the original aggregate principal amount of \$248,408 (the "Series 1990 A Bonds")	First Lien
4.	Sewer Revenue Bonds, Series 1990 B, dated March 2, 1990, issued in the original aggregate principal amount of \$11,592 (the "Series 1990 B Bonds")	Second Lien
5.	Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated July 31, 2003, issued in the original aggregate principal amount of \$2,050,000 (the "Series 2003 A Bonds")	First Lien
6.	Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), dated July 31, 2003, issued in the original aggregate principal amount of \$60,000 (the "Series 2003 B Bonds")	First Lien

The Series 1987 A Bonds, the Series 1990 A Bonds, the Series 2003 A Bonds and the Series 2003 B Bonds are hereinafter collectively called the "First Lien Bonds"; the Series 1987 B Bonds and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2004 Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity

requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2004 Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met, the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2004 Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2004 Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the design, acquisition, construction and operation of the Project and the System and issuance of the Series 2004 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing hereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2004 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 22C, Article 2 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 2004 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 2004 Bonds, the First Lien Bonds, and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2004 Bonds for all or a portion of the proceeds of the Series 2004 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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

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

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

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

"Council Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Authority and the Issuer, on behalf of the Council, providing for the purchase of the Series 2004 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

"Design Bonds" means, collectively, the Series 1998 A Bonds and Series 2003 C Bonds.

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

"First Lien Bonds" means, collectively, the Series 1987 A Bonds, the Series 1990 A Bonds, the Series 2003 A Bonds and the Series 2003 B Bonds as described in Section 1.02G hereof.

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

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

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

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

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

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

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

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

"Loan Agreements" means, collectively, the SRF Loan Agreement and the Council Loan Agreement, 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 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the respective Series 2004 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 2004 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 which is acquired with the gross proceeds or any other proceeds of the Series 2004 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2004 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or

retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2004 Bonds in the Supplemental Resolution with the written consent of the Authority, the DEP, and the Council.

"Prior Bonds" means, collectively, the First Lien Bonds and the Second Lien Bonds, as described in Section 1.02H hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer adopted April 13, 1987, February 28, 1990 and July 21, 2003, 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 1.02B hereof.

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

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

Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2004 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2004 Bonds and the Prior Bonds.

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

"Second Lien Bonds" means the Series 1987 B Bonds and the Series 1990 B Bonds as described in Section 1.02G hereof.

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

"Series 1998 A Bonds" means the Sewerage System Design Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated August 27, 1998, issued in the original aggregate principal amount of \$820,000 and currently outstanding in the amount of \$606,597.12.

"Series 2003 C Bonds" means the Sewerage System Design Revenue Bonds, Series 2003 C (West Virginia Infrastructure Fund), dated January 12, 2004, issued in the original aggregate principal amount of \$194,289 and currently outstanding in the amount of \$193,304.75.

"Series 2004 Bonds" means, collectively, the Series 2004 A Bonds and the Series 2004 B Bonds, authorized by this Resolution.

"Series 2004 A Bonds" means the Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2004 A Bonds Construction Trust Fund" means the Series 2004 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 A Bonds in the then current or any succeeding year.

"Series 2004 A Bonds Sinking Fund" means the Series 2004 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2004 B Bonds" means the Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2004 B Bonds Construction Trust Fund" means the Series 2004 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004 B Bonds Reserve Account" means the Series 2004 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 B Bonds in the then current or any succeeding year.

"Series 2004 B Bonds Sinking Fund" means the Series 2004 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2004 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the SRF Loan Agreement.

"SRF Loan Agreement" means the bond purchase agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer,

providing for the purchase of the Series 2004 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.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2004 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"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 adopted hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing

the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

## ARTICLE II

### AUTHORIZATION OF THE PAYMENT OF THE DESIGN BONDS AND THE ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, including the payment of the Design Bonds, at an estimated cost of \$19,938,062, which will be paid from proceeds of the Series 2004 A Bonds and the Series 2004 B Bonds and a grant of \$1,370,000 from the Council, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2004 A Bonds and the Series 2004 B Bonds hereby authorized shall be applied as provided in Article VI hereof, respectively. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the DEP, and the Council.

Section 2.02. Authorization of Payment of Design Bonds. The Design Bonds Outstanding as of the date of issuance of the Series 2004 Bonds are hereby ordered to be paid in full, and the pledge of Net Revenues in favor of the Holders of the Design Bonds, imposed by the Design Bonds' Resolutions and the monies in the funds and accounts created by the Design Bonds pledged to payment of the Design Bonds, and any other funds pledged by the Design Bonds' Resolutions to payment of the Design Bonds are hereby ordered terminated, discharged and released upon the payment to the Holder of the Design Bonds from the proceeds of the Series 2004 B Bonds and from other monies available therefor, of the following: an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Design Bonds and an amount which will provide for the payment of the entire outstanding principal of and all accrued interest on the Design Bonds, plus the premium, if any, on the Closing Date.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENTS

Section 3.01. Authorization of Bonds. For the purposes of paying the Design Bonds in full, capitalizing interest on the Series 2004 Bonds, funding reserve accounts for the Series 2004 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2004 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2004 Bonds of the Issuer. The Series 2004 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program)," in an aggregate principal amount of not more than \$11,068,062, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2004 B Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund)," in an aggregate principal amount of not more than \$7,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the respective Series 2004 Bonds remaining after funding of the respective Series 2004 Bonds Reserve Account (if funded from Bond proceeds), and capitalizing interest on the respective Series 2004 Bonds, if any, shall be deposited in or credited to the respective Series 2004 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 2004 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 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 respective Loan Agreements. The Series 2004 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2004 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the respective Series 2004 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each respective series of Series 2004 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The

Series 2004 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 2004 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 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 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 2004 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 2004 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 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 2004 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 2004 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 2004 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be

conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2004 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 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 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 respective Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the respective Series 2004 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 2004 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2004 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2004 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 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 each series of Series 2004 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 respective Series 2004 Bonds to the original purchasers;

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

D. Executed copies of the Loan Agreements;  
and

E. The unqualified approving opinion of bond counsel on the Series 2004 Bonds.

Section 3.10. Form of Bonds. The text of the respective Series 2004 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2004 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 2004 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Cabell 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. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_\_\_, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 A, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,185,479 (THE "SERIES 1987 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$248,408 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,050,000 (THE "SERIES 2003 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$60,000 (THE "SERIES 2003 B BONDS"); AND

(5) SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 29, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,500,000 (THE "SERIES 2004 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 B, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$290,771 (THE "SERIES 1987 B BONDS"); AND

(2) SEWER REVENUE BONDS, SERIES 1990 B, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,592 (THE "SERIES 1990 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1987 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1990 B BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of

the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2004 B Bonds; provided however, that so long as there exists in the Series 2004 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 or junior to the Bonds, including the Prior Bonds and the Series 2004 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, SALT ROCK SEWER 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 \_\_\_\_\_, 2004.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: \_\_\_\_\_, 2004.

\_\_\_\_\_  
as Registrar

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

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF SERIES 2004 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2004 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia in Cabell 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, \_\_\_\_\_, 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 between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 200\_\_.

This Bond is issued (i) to pay in full the outstanding principal of, interest on, if any, and administrative fee, if any, for the Sewerage System Design Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewerage System Design Revenue Bonds, Series 2003 C (West Virginia Infrastructure Fund) (collectively, the "Design Bonds"); (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (iii) to pay certain

costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 200\_\_, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 200\_\_ (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 A, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,185,479 (THE "SERIES 1987 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$248,408 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,050,000 (THE "SERIES 2003 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$60,000 (THE "SERIES 2003 B BONDS"); AND

(5) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 2004, ISSUED CONCURRENTLY

HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,068,062 (THE "SERIES 2004 A BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 B, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$290,771 (THE "SERIES 1987 B BONDS"); AND

(2) SEWER REVENUE BONDS, SERIES 1990 B, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,592 (THE "SERIES 1990 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1987 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1990 B BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations

secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, SALT ROCK SEWER 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 \_\_\_\_\_, 2004.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2004.

\_\_\_\_\_  
as Registrar

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

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(37) \$		(55) \$	
(38) \$		(56) \$	
(39) \$		(57) \$	
(40) \$		(58) \$	
(41) \$		(59) \$	
(42) \$		(60) \$	
(43) \$		(61) \$	
(44) \$		(62) \$	
(45) \$		(63) \$	
(46) \$		(64) \$	
(47) \$		(65) \$	
(48) \$		(66) \$	
(49) \$		(67) \$	
(50) \$		(68) \$	
(51) \$		(69) \$	
(52) \$		(70) \$	
(53) \$		(71) \$	
(54) \$		(72) \$	
TOTAL		\$	<u>                    </u>

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved. The Series 2004 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council, the Authority, and the DEP a schedule for the Series 2004 Bonds, the form of which will be provided by the Authority, the Council, and the DEP, setting forth the actual costs of the Project and sources of funds therefore.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions);
- (3) Series 2004 A Bonds Construction Trust Fund; and
- (4) Series 2004 B 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 2004 A Bonds Sinking Fund;
- (2) Series 2004 A Bonds Reserve Account;
- (3) Series 2004 B Bonds Sinking Fund; and
- (4) Series 2004 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following 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 simultaneously remit to the Commission the amounts required by the Prior Resolutions to be deposited in the Sinking Funds to pay interest on the First Lien Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by the Prior Resolutions to be deposited in the Sinking Funds to pay principal of the First Lien Bonds; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 A Bonds on the next ensuing quarterly principal payment date; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposits in the Series 2004 A Bonds Sinking Fund and the Series 2004 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts with respect to the First Lien Bonds; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, if not fully funded upon issuance of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2004 B Bonds, if not fully funded upon issuance of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the respective Series 2004 Bonds Reserve Accounts when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the respective Series 2004 Bonds Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions to be deposited in the Sinking Funds for the payment of principal of the Second Lien Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts with respect to the Second Lien Bonds.

Monies in the Series 2004 A Bonds Sinking Fund and Series 2004 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2004 Bonds, respectively, as the same shall become due. Monies in the Series 2004 A Bonds Reserve Account and the Series 2004 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2004 Bonds, respectively, as the same shall come due, when other monies in the Series 2004 A Bonds Sinking Fund and the Series 2004 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2004 A Bonds Sinking Fund, the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during design and construction of the Project, as applicable, be deposited in the respective Bond Construction Trust Funds and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2004 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2004 A Bonds Reserve Account and the Series 2004 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2004 Bonds Sinking Funds or the respective Series 2004 Bonds Reserve Accounts therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 Bonds and the First Lien Bonds, and thereafter, with respect to the Second 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 respective Series 2004 Bonds Sinking Funds and the respective Series 2004 Bonds Reserve Accounts created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004 Bonds Sinking Funds and the respective Series 2004 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the respective Series 2004 Bonds Sinking Funds and the respective Series 2004 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 A Bonds Sinking Fund, the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2004 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the SRF Loan Agreement.

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

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

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

F. The monies in excess of the sum insured by the maximum amounts insured by FDIC in any of the 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 herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

## ARTICLE VI

### BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. A. From the monies received from the sale of the Series 2004 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2004 A Bonds, there shall first be deposited with the Commission in the Series 2004 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(b) Next, from the proceeds of the Series 2004 A Bonds, there shall be deposited with the Commission in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 A Bonds Reserve Account.

(c) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 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 2004 A Bonds.

(d) After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2004 A Bonds shall be used to fund the Series 2004 A Bonds Reserve Account, if not funded upon issuance of the Series 2004 A Bonds, in an amount not to exceed the Series 2004 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2004 A Bonds be deposited in the Series 2004 A Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

B. From the monies received from the sale of the Series 2004 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2004 B Bonds, there shall first be deposited with the Commission in the Series 2004 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(b) Next, from the proceeds of the Series 2004 B Bonds, there shall be deposited with the Commission in the Series 2004 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 B Bonds Reserve Account.

(c) Next, from the proceeds of the Series 2004 B Bonds, there shall be deposited with the Commission an amount sufficient to pay the outstanding principal of, interest on, if any and administrative fee, if any, for the Design Bonds on the Closing Date.

(d) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 B Bonds, such monies, shall be deposited with the Depository Bank in the Series 2004 B Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2004 B Bonds.

(e) After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2004 B Bonds shall be used as directed by the Council.

Section 6.02. Disbursements from the Series 2004 A Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2004 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the SRF Loan Agreement in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the Series 2004 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 6.03. Disbursements from the Series 2004 B Bonds Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 2004 B 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 2004 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2004 B Bonds within 3 years of the date of issuance of the Councils's bonds, the proceeds of which were used to make the loan to the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2004 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 2004 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 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 2004 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2004 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 Agreements. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered December 17, 2004, in Case No. 02-0688-PSD-S-CN, and such rates are hereby adopted.

So long as the Series 2004 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 Agreements. In the event the schedule of rates and charges initially established for the System in connection with the Series 2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2004 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the Council and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the respective Series 2004 Bonds, immediately be remitted to the Commission for deposit in the respective Series 2004 Bonds Sinking Fund, and, with the written permission of the Authority, the DEP 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 respective Series 2004 Bonds. Any balance remaining after the payment of the respective Series 2004 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property

comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds 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, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided 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 2004 Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 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 2004 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2004 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 2004 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07.      Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the Council, and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds.

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

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period 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 period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2004 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 2004 Bonds.

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

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

of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, the Council, and the DEP, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of design and 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 design or construction.

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

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

The Issuer shall file with the Council, Authority, and the DEP, or any other original purchaser of the respective Series 2004 Bonds, and shall mail in each year to any Holder or Holders of the respective Series 2004 Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2004 Bonds, and shall submit said report to the Council, the Authority and the DEP, or any other original purchaser of the Series 2004 Bonds. Such audit report submitted to the Council, the Authority, and the DEP shall include a statement that notes whether the results of test 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 Agreements and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the SRF Loan Agreement or as promulgated from time to time.

Section 7.09.      Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and

continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2004 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the respective Series 2004 Bonds Reserve Accounts and any reserve accounts for obligations on a parity with or junior to the Series 2004 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2004 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

and forward a copy of such report to the Council, the Authority, and the DEP by the 10th day of each month.

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the SRF Loan Agreement, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreements. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

Section 7.14.      No Free Services. 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 2004 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or

mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

B. The Issuer shall 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 Council, the Authority, and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreements so require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant

shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2004 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2004 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2004 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 Bonds are for the purpose of financing more than one project,

a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2004 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** If necessary, the Issuer shall timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2004 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2004 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2004 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds.

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

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bonds immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2004 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the DEP before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project undercuts.

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

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2004 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004 Bonds as a condition to issuance of the Series 2004 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 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 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 2004 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 DEP, as the case may be, from which the proceeds of the Series 2004 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, the DEP, or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2004 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 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2004 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 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 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 2004 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2004 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2004 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2004 Bonds shall be on a parity with the Holders of the First Lien Bonds and senior to the Holders of the Second Lien Bonds.

Section 9.03.     Appointment of Receiver. Any Registered Owner of a Series 2004 Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after

commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Series 2004 Bonds, any Registered Owner of a Series 2004 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 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 2004 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 2004 Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers herein above 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 2004 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 Series 2004 Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2004 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 2004 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2004 Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2004 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2004 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2004 Bonds or the rate of interest, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2004 Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2004 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2004 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 2004 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between

this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a certificate of public convenience and necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Salt Rock Sewer Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

- (a) The maximum amount of the Series 2004 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2004 Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 27th day of December, 2004.

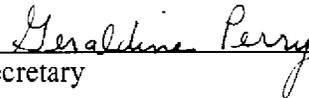
  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of SALT ROCK SEWER PUBLIC SERVICE DISTRICT on the 27th day of December, 2004.

Dated: December 29, 2004.

[SEAL]

  
Secretary

12/23/04  
788890.00002

EXHIBIT A

Loan Agreements included in bond transcript as Document 3 and 4.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM), AND SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND) OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS 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 Salt Rock Sewer Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective December 27, 2004 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE DISTRICT'S SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM) AND THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA

INFRASTRUCTURE FUND), THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$11,068,062 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN \$7,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the (i) Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program) (the "Series 2004 A Bonds") and (ii) Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (the "Series 2004 B Bonds" and, collectively with the Series 2004 A Bonds, the "Series 2004 Bonds"), of the Issuer, in the aggregate principal amount not to exceed \$11,068,062 and \$7,500,000, respectively, and has authorized the execution and delivery of (i) a bond purchase agreement relating to the Series 2004 A Bonds, including all schedules and exhibits attached thereto (the "SRF Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) a loan agreement relating to the Series 2004 B Bonds, including all schedules and exhibits attached thereto (the "Council Loan Agreement" and, collectively with the SRF Loan Agreement, the "Loan Agreements"), by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the

"Council"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreements and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 2004 Bonds should be established by a supplemental resolution pertaining to the Series 2004 Bonds; and that other matters relating to the Series 2004 Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 2004 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2004 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

(A) Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$11,068,062. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2044, and shall bear no interest. The principal of the Series 2004 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing December 1, 2044, and in the amounts as set forth in the "Schedule Y" attached to the SRF Loan Agreement and incorporated in and made a part of the Series 2004 A Bonds. The Series 2004 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the SRF Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 A

Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to .5% of the principal amount of the Series 2004 A Bonds as set forth in the "Schedule Y" attached to the SRF Loan Agreement.

(B) Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$7,500,000. The Series 2004 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2044, and shall bear no interest. The principal of the Series 2004 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing December 1, 2044, and in the amounts as set forth in the "Schedule Y" attached to the Council Loan Agreement and incorporated in and made a part of the Series 2004 B Bonds. The Series 2004 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Council Loan Agreement, as long as the Authority shall be the registered owner of the Series 2004 B Bonds.

Section 2. All other provisions relating to the Series 2004 Bonds and the text of the Series 2004 Bonds shall be in substantially the forms as provided in the Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreements incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the applications to the DEP and the Council. The price of the Series 2004 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2004 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 2004 Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2004 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 2004 Bonds under the Resolution.

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

Section 7. Series 2004 A Bonds proceeds in the amount of \$0.00 shall be deposited in the Series 2004 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2004 A Bonds proceeds in the amount of \$0.00 shall be deposited in the Series 2004 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2004 A Bonds shall be deposited in or credited to the Series 2004 A Bonds Construction Trust Fund as received from time to time for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 10. Series 2004 B Bonds proceeds in the amount of \$0.00 shall be deposited in the Series 2004 B Bonds Sinking Fund, as capitalized interest.

Section 11. Series 2004 B Bonds proceeds in the amount of \$0.00 shall be deposited in the Series 2004 B Bonds Reserve Account.

Section 12. Series 2004 B Bonds proceeds in the amount of \$606,597.12 shall be deposited with the Commission on the Closing Date to pay the Series 1998 A Bonds in full.

Section 13. Series 2004 B Bonds proceeds in the amount of \$193,304.75 shall be deposited with the Commission on the Closing Date to pay the Series 2003 C Bonds in full.

Section 14. The Issuer hereby approves transfer of \$323,373 from proceeds of the Council grant to aid the Town of Milton in paying off the Town's Series 1996 A Bonds and the Series 1999 A Bonds.

Section 15. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2004 Bonds to be issued hereby and by the Resolution approved and provided for, to the end that the Series 2004 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about December 29, 2004.

Section 16. The payment in full of the Design Bonds, the design, acquisition and construction of the Project, and the financing thereof with proceeds of the Series 2004 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 17. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the

Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the respective Sinking Funds and Reserve Accounts for the Series 2004 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 18. The Issuer shall not permit at any time or times any of the proceeds of the Series 2004 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2004 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2004 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 19. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 20. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 27th day of December, 2004.

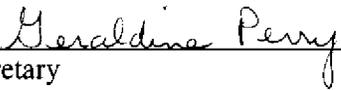
  
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of SALT ROCK SEWER PUBLIC SERVICE DISTRICT on the 27th day of December, 2004.

Dated: December 29, 2004.

[SEAL]

  
Secretary

12/23/04  
788890.00002

SRF-BPA-1  
(11/01/04)

BOND PURCHASE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

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

## ARTICLE I

### Definitions

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

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

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

1.4 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

1.6 "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.

1.7 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations, as amended.

1.10 "System" means the wastewater treatment facility owned by the Local Government, 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.

1.11 Additional terms and phrases are defined in this Bond Purchase Agreement as they are used.

## ARTICLE II

### The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Government, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities

as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained

so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government 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 Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

2.12 The Local Government, 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 B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

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

### ARTICLE III

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

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

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Bond Purchase Agreement;

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

(d) The Local Government 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 proceeds of the Local Bonds will refund an interim construction financing, the Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF

Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

Provided, that if the Local Government 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 net or gross revenues of the System as provided in the Local Act;

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

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

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting

Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

(vii) That the Local Government will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

(xi) That the Local Government 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 DEP, 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 Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 DEP within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government 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 Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F

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;

(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 Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

## ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, 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 Bond Purchase Agreement, the Local Government 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 Bond Purchase Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

## ARTICLE VI

### Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase

Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase 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 purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Bond Purchase Agreement.

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

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

6.7 The Local Government hereby agrees to file with the Authority and DEP upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE VII

### Miscellaneous

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

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

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

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

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

SALT ROCK SEWER  
PUBLIC SERVICE DISTRICT

(SEAL)

By: *Colson Goodman*

Its: Chairman

Attest:

Date: December 16, 2004

*Geraldine Perry*  
Its: Secretary

WEST VIRGINIA DEPARTMENT OF  
ENVIRONMENTAL PROTECTION, DIVISION  
OF WATER AND WASTE MANAGEMENT

By: *April Turner*

Its: Director

Date: 12-20-04

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By: *Daniel B. Gunkosky*

Its: Director

Attest:

Date: December 16, 2004

*Barbara B. Mesdome*  
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

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

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1        You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $\$1,200/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 2        Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $\$900/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 3        Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Government according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4        Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

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

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

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 meaning set forth in the bond \_\_\_\_\_ adopted or enacted by the Issuer on \_\_\_\_\_, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least \_\_\_\_\_ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing

set forth in Schedule attached hereto as Exhibit A, and my firm<sup>1</sup> 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 and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof<sup>2</sup>, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

\_\_\_\_\_  
By \_\_\_\_\_

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

[SEAL]

\_\_\_\_\_  
<sup>1</sup>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".

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

## EXHIBIT E

### SPECIAL CONDITIONS

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

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

EXHIBIT F

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 Local Government] on [Date].

Sinking Fund:

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

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

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

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

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

[Name of Local Government]

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

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection  
601 57<sup>th</sup> Street  
Charleston, WV 25304

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated \_\_\_\_, \_\_\_\_, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated \_\_\_\_\_, \_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of \$ \_\_\_\_\_, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning \_\_\_\_ 1, \_\_\_\_, and ending \_\_\_\_ 1, \_\_\_\_, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly adopted or enacted by the Local Government on \_\_\_\_\_, as supplemented by the supplemental resolution duly adopted by the Local Government on \_\_\_\_\_

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase 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 Bond Purchase 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 Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

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

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, 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,

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$11,068,062  
Purchase Price of Local Bonds \$11,068,062

The Local Bonds shall bear no interest. Commencing December 1, 2006, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

1. Sewer Revenue Bonds, Series 1987 A, dated April 15, 1987, issued in the principal amount of \$1,185,479.

2. Sewer Revenue Bonds, Series 1990 A, dated March 2, 1990, issued in the principal amount of \$248,408.
3. Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated July 31, 2003, issued in the principal amount of \$2,050,000.
4. Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), dated July 31, 2003, issued in principal amount of \$60,000.
5. Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 29, 2004, issued in the principal amount of \$7,500,000.

## SCHEDULE Y

**\$11,068,062**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	72,340.28	-	72,340.28
03/01/2007	72,340.28	-	72,340.28
06/01/2007	72,340.28	-	72,340.28
09/01/2007	72,340.28	-	72,340.28
12/01/2007	72,340.28	-	72,340.28
03/01/2008	72,340.28	-	72,340.28
06/01/2008	72,340.28	-	72,340.28
09/01/2008	72,340.28	-	72,340.28
12/01/2008	72,340.28	-	72,340.28
03/01/2009	72,340.28	-	72,340.28
06/01/2009	72,340.28	-	72,340.28
09/01/2009	72,340.28	-	72,340.28
12/01/2009	72,340.28	-	72,340.28
03/01/2010	72,340.28	-	72,340.28
06/01/2010	72,340.28	-	72,340.28
09/01/2010	72,340.28	-	72,340.28
12/01/2010	72,340.28	-	72,340.28
03/01/2011	72,340.28	-	72,340.28
06/01/2011	72,340.28	-	72,340.28
09/01/2011	72,340.28	-	72,340.28
12/01/2011	72,340.28	-	72,340.28
03/01/2012	72,340.28	-	72,340.28
06/01/2012	72,340.28	-	72,340.28
09/01/2012	72,340.28	-	72,340.28
12/01/2012	72,340.28	-	72,340.28
03/01/2013	72,340.28	-	72,340.28
06/01/2013	72,340.28	-	72,340.28
09/01/2013	72,340.28	-	72,340.28
12/01/2013	72,340.28	-	72,340.28
03/01/2014	72,340.28	-	72,340.28
06/01/2014	72,340.28	-	72,340.28
09/01/2014	72,340.28	-	72,340.28
12/01/2014	72,340.28	-	72,340.28
03/01/2015	72,340.28	-	72,340.28
06/01/2015	72,340.28	-	72,340.28
09/01/2015	72,340.28	-	72,340.28
12/01/2015	72,340.28	-	72,340.28

**\$11,068,062**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2016	72,340.28	-	72,340.28
06/01/2016	72,340.28	-	72,340.28
09/01/2016	72,340.28	-	72,340.28
12/01/2016	72,340.28	-	72,340.28
03/01/2017	72,340.28	-	72,340.28
06/01/2017	72,340.28	-	72,340.28
09/01/2017	72,340.28	-	72,340.28
12/01/2017	72,340.28	-	72,340.28
03/01/2018	72,340.28	-	72,340.28
06/01/2018	72,340.28	-	72,340.28
09/01/2018	72,340.28	-	72,340.28
12/01/2018	72,340.28	-	72,340.28
03/01/2019	72,340.28	-	72,340.28
06/01/2019	72,340.28	-	72,340.28
09/01/2019	72,340.28	-	72,340.28
12/01/2019	72,340.28	-	72,340.28
03/01/2020	72,340.28	-	72,340.28
06/01/2020	72,340.28	-	72,340.28
09/01/2020	72,340.28	-	72,340.28
12/01/2020	72,340.28	-	72,340.28
03/01/2021	72,340.28	-	72,340.28
06/01/2021	72,340.28	-	72,340.28
09/01/2021	72,340.28	-	72,340.28
12/01/2021	72,340.28	-	72,340.28
03/01/2022	72,340.28	-	72,340.28
06/01/2022	72,340.28	-	72,340.28
09/01/2022	72,340.28	-	72,340.28
12/01/2022	72,340.28	-	72,340.28
03/01/2023	72,340.28	-	72,340.28
06/01/2023	72,340.28	-	72,340.28
09/01/2023	72,340.28	-	72,340.28
12/01/2023	72,340.28	-	72,340.28
03/01/2024	72,340.27	-	72,340.27
06/01/2024	72,340.27	-	72,340.27
09/01/2024	72,340.27	-	72,340.27
12/01/2024	72,340.27	-	72,340.27
03/01/2025	72,340.27	-	72,340.27
06/01/2025	72,340.27	-	72,340.27
09/01/2025	72,340.27	-	72,340.27
12/01/2025	72,340.27	-	72,340.27
03/01/2026	72,340.27	-	72,340.27
06/01/2026	72,340.27	-	72,340.27
09/01/2026	72,340.27	-	72,340.27
12/01/2026	72,340.27	-	72,340.27

**\$11,068,062**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2027	72,340.27	-	72,340.27
06/01/2027	72,340.27	-	72,340.27
09/01/2027	72,340.27	-	72,340.27
12/01/2027	72,340.27	-	72,340.27
03/01/2028	72,340.27	-	72,340.27
06/01/2028	72,340.27	-	72,340.27
09/01/2028	72,340.27	-	72,340.27
12/01/2028	72,340.27	-	72,340.27
03/01/2029	72,340.27	-	72,340.27
06/01/2029	72,340.27	-	72,340.27
09/01/2029	72,340.27	-	72,340.27
12/01/2029	72,340.27	-	72,340.27
03/01/2030	72,340.27	-	72,340.27
06/01/2030	72,340.27	-	72,340.27
09/01/2030	72,340.27	-	72,340.27
12/01/2030	72,340.27	-	72,340.27
03/01/2031	72,340.27	-	72,340.27
06/01/2031	72,340.27	-	72,340.27
09/01/2031	72,340.27	-	72,340.27
12/01/2031	72,340.27	-	72,340.27
03/01/2032	72,340.27	-	72,340.27
06/01/2032	72,340.27	-	72,340.27
09/01/2032	72,340.27	-	72,340.27
12/01/2032	72,340.27	-	72,340.27
03/01/2033	72,340.27	-	72,340.27
06/01/2033	72,340.27	-	72,340.27
09/01/2033	72,340.27	-	72,340.27
12/01/2033	72,340.27	-	72,340.27
03/01/2034	72,340.27	-	72,340.27
06/01/2034	72,340.27	-	72,340.27
09/01/2034	72,340.27	-	72,340.27
12/01/2034	72,340.27	-	72,340.27
03/01/2035	72,340.27	-	72,340.27
06/01/2035	72,340.27	-	72,340.27
09/01/2035	72,340.27	-	72,340.27
12/01/2035	72,340.27	-	72,340.27
03/01/2036	72,340.27	-	72,340.27
06/01/2036	72,340.27	-	72,340.27
09/01/2036	72,340.27	-	72,340.27
12/01/2036	72,340.27	-	72,340.27
03/01/2037	72,340.27	-	72,340.27
06/01/2037	72,340.27	-	72,340.27
09/01/2037	72,340.27	-	72,340.27
12/01/2037	72,340.27	-	72,340.27

**\$11,068,062**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2038	72,340.27	-	72,340.27
06/01/2038	72,340.27	-	72,340.27
09/01/2038	72,340.27	-	72,340.27
12/01/2038	72,340.27	-	72,340.27
03/01/2039	72,340.27	-	72,340.27
06/01/2039	72,340.27	-	72,340.27
09/01/2039	72,340.27	-	72,340.27
12/01/2039	72,340.27	-	72,340.27
03/01/2040	72,340.27	-	72,340.27
06/01/2040	72,340.27	-	72,340.27
09/01/2040	72,340.27	-	72,340.27
12/01/2040	72,340.27	-	72,340.27
03/01/2041	72,340.27	-	72,340.27
06/01/2041	72,340.27	-	72,340.27
09/01/2041	72,340.27	-	72,340.27
12/01/2041	72,340.27	-	72,340.27
03/01/2042	72,340.27	-	72,340.27
06/01/2042	72,340.27	-	72,340.27
09/01/2042	72,340.27	-	72,340.27
12/01/2042	72,340.27	-	72,340.27
03/01/2043	72,340.27	-	72,340.27
06/01/2043	72,340.27	-	72,340.27
09/01/2043	72,340.27	-	72,340.27
12/01/2043	72,340.27	-	72,340.27
03/01/2044	72,340.27	-	72,340.27
06/01/2044	72,340.27	-	72,340.27
09/01/2044	72,340.27	-	72,340.27
12/01/2044	72,340.27	-	72,340.27
<b>Total</b>	<b>\$11,068,062.00</b>	<b>-</b>	<b>\$11,068,062.00 *</b>

\*Plus \$6,962.76 one-half percent administrative fee paid quarterly. Total fee over life of loan is \$1,065,302.28.

**Yield Statistics**

Bond Year Dollars	\$231,568.45
Average Life	20.922 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.67E-10
Bond Yield for Arbitrage Purposes	1.67E-10
All Inclusive Cost (AIC)	0.4579791%

**IRS Form 8038**

Net Interest Cost	-
Weighted Average Maturity	20.922 Years

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").

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
(Governmental Agency)

WITNESSETH:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental

Agency further agrees that the Authority and the Council and their duly authorized agents and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of

Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

### ARTICLE III

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling

all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and

on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

(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;

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

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

following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit

any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

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

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

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE VII

### Miscellaneous

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

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be

approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

- (ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

SALT ROCK SEWER  
PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

Geraldine Perry  
Its: Secretary

By: Colman Goodman  
Its: Chairperson  
Date: December 29, 2004

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Barbara B. Meadows  
Its: Secretary-Treasurer

By: Daniel B. Gombosky  
Its: Director  
Date: December 29, 2004

000832/00466  
12/15/04

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

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

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

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

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

set forth in the Schedule B attached hereto as Exhibit A and my firm<sup>1</sup> 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, <sup>2</sup>the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the 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. \_\_\_\_\_

---

<sup>1</sup>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".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

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

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1      You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $\$1,200/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 2      Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $\$900/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 3      Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4      Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

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

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

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

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

[Name of Governmental Agency]

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

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$7,500,000  
Purchase Price of Local Bonds \$7,500,000

The Local Bonds shall bear no interest. Commencing December 1, 2006, 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. Sewer Revenue Bonds, Series 1987 A, dated April 15, 1987, issued in the original principal amount of \$1,185,479.
2. Sewer Revenue Bonds, Series 1990 A, dated March 2, 1990, issued in the original principal amount of \$248,408.
3. Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated July 31, 2003, issued in the original principal amount of \$2,050,000.
4. Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), dated July 31, 2003, issued in the original principal amount of \$60,000.
5. Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), dated December 29, 2004, issued in the original principal amount of \$11,068,062.

SCHEDULE Y

**\$7,500,000**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	49,019.61	-	49,019.61
03/01/2007	49,019.61	-	49,019.61
06/01/2007	49,019.61	-	49,019.61
09/01/2007	49,019.61	-	49,019.61
12/01/2007	49,019.61	-	49,019.61
03/01/2008	49,019.61	-	49,019.61
06/01/2008	49,019.61	-	49,019.61
09/01/2008	49,019.61	-	49,019.61
12/01/2008	49,019.61	-	49,019.61
03/01/2009	49,019.61	-	49,019.61
06/01/2009	49,019.61	-	49,019.61
09/01/2009	49,019.61	-	49,019.61
12/01/2009	49,019.61	-	49,019.61
03/01/2010	49,019.61	-	49,019.61
06/01/2010	49,019.61	-	49,019.61
09/01/2010	49,019.61	-	49,019.61
12/01/2010	49,019.61	-	49,019.61
03/01/2011	49,019.61	-	49,019.61
06/01/2011	49,019.61	-	49,019.61
09/01/2011	49,019.61	-	49,019.61
12/01/2011	49,019.61	-	49,019.61
03/01/2012	49,019.61	-	49,019.61
06/01/2012	49,019.61	-	49,019.61
09/01/2012	49,019.61	-	49,019.61
12/01/2012	49,019.61	-	49,019.61
03/01/2013	49,019.61	-	49,019.61
06/01/2013	49,019.61	-	49,019.61
09/01/2013	49,019.61	-	49,019.61
12/01/2013	49,019.61	-	49,019.61
03/01/2014	49,019.61	-	49,019.61
06/01/2014	49,019.61	-	49,019.61
09/01/2014	49,019.61	-	49,019.61
12/01/2014	49,019.61	-	49,019.61
03/01/2015	49,019.61	-	49,019.61
06/01/2015	49,019.61	-	49,019.61
09/01/2015	49,019.61	-	49,019.61
12/01/2015	49,019.61	-	49,019.61

**\$7,500,000**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2016	49,019.61	-	49,019.61
06/01/2016	49,019.61	-	49,019.61
09/01/2016	49,019.61	-	49,019.61
12/01/2016	49,019.61	-	49,019.61
03/01/2017	49,019.61	-	49,019.61
06/01/2017	49,019.61	-	49,019.61
09/01/2017	49,019.61	-	49,019.61
12/01/2017	49,019.61	-	49,019.61
03/01/2018	49,019.61	-	49,019.61
06/01/2018	49,019.61	-	49,019.61
09/01/2018	49,019.61	-	49,019.61
12/01/2018	49,019.61	-	49,019.61
03/01/2019	49,019.61	-	49,019.61
06/01/2019	49,019.61	-	49,019.61
09/01/2019	49,019.61	-	49,019.61
12/01/2019	49,019.61	-	49,019.61
03/01/2020	49,019.61	-	49,019.61
06/01/2020	49,019.61	-	49,019.61
09/01/2020	49,019.61	-	49,019.61
12/01/2020	49,019.61	-	49,019.61
03/01/2021	49,019.61	-	49,019.61
06/01/2021	49,019.61	-	49,019.61
09/01/2021	49,019.61	-	49,019.61
12/01/2021	49,019.61	-	49,019.61
03/01/2022	49,019.61	-	49,019.61
06/01/2022	49,019.61	-	49,019.61
09/01/2022	49,019.61	-	49,019.61
12/01/2022	49,019.61	-	49,019.61
03/01/2023	49,019.61	-	49,019.61
06/01/2023	49,019.61	-	49,019.61
09/01/2023	49,019.61	-	49,019.61
12/01/2023	49,019.61	-	49,019.61
03/01/2024	49,019.61	-	49,019.61
06/01/2024	49,019.61	-	49,019.61
09/01/2024	49,019.61	-	49,019.61
12/01/2024	49,019.61	-	49,019.61
03/01/2025	49,019.61	-	49,019.61
06/01/2025	49,019.61	-	49,019.61
09/01/2025	49,019.61	-	49,019.61
12/01/2025	49,019.61	-	49,019.61
03/01/2026	49,019.61	-	49,019.61
06/01/2026	49,019.61	-	49,019.61
09/01/2026	49,019.61	-	49,019.61
12/01/2026	49,019.61	-	49,019.61

**\$7,500,000**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2027	49,019.61	-	49,019.61
06/01/2027	49,019.61	-	49,019.61
09/01/2027	49,019.61	-	49,019.61
12/01/2027	49,019.61	-	49,019.61
03/01/2028	49,019.61	-	49,019.61
06/01/2028	49,019.61	-	49,019.61
09/01/2028	49,019.61	-	49,019.61
12/01/2028	49,019.61	-	49,019.61
03/01/2029	49,019.61	-	49,019.61
06/01/2029	49,019.61	-	49,019.61
09/01/2029	49,019.61	-	49,019.61
12/01/2029	49,019.61	-	49,019.61
03/01/2030	49,019.61	-	49,019.61
06/01/2030	49,019.61	-	49,019.61
09/01/2030	49,019.61	-	49,019.61
12/01/2030	49,019.61	-	49,019.61
03/01/2031	49,019.61	-	49,019.61
06/01/2031	49,019.61	-	49,019.61
09/01/2031	49,019.61	-	49,019.61
12/01/2031	49,019.61	-	49,019.61
03/01/2032	49,019.61	-	49,019.61
06/01/2032	49,019.61	-	49,019.61
09/01/2032	49,019.61	-	49,019.61
12/01/2032	49,019.61	-	49,019.61
03/01/2033	49,019.61	-	49,019.61
06/01/2033	49,019.61	-	49,019.61
09/01/2033	49,019.61	-	49,019.61
12/01/2033	49,019.61	-	49,019.61
03/01/2034	49,019.61	-	49,019.61
06/01/2034	49,019.61	-	49,019.61
09/01/2034	49,019.61	-	49,019.61
12/01/2034	49,019.61	-	49,019.61
03/01/2035	49,019.61	-	49,019.61
06/01/2035	49,019.61	-	49,019.61
09/01/2035	49,019.61	-	49,019.61
12/01/2035	49,019.61	-	49,019.61
03/01/2036	49,019.61	-	49,019.61
06/01/2036	49,019.61	-	49,019.61
09/01/2036	49,019.61	-	49,019.61
12/01/2036	49,019.60	-	49,019.60
03/01/2037	49,019.60	-	49,019.60
06/01/2037	49,019.60	-	49,019.60
09/01/2037	49,019.60	-	49,019.60
12/01/2037	49,019.60	-	49,019.60

**\$7,500,000**

Salt Rock Sewer Public Service District

40 Years, 0% Interest Rate

Closing Date: December 29, 2004

**Debt Service Schedule**

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2038	49,019.60	-	49,019.60
06/01/2038	49,019.60	-	49,019.60
09/01/2038	49,019.60	-	49,019.60
12/01/2038	49,019.60	-	49,019.60
03/01/2039	49,019.60	-	49,019.60
06/01/2039	49,019.60	-	49,019.60
09/01/2039	49,019.60	-	49,019.60
12/01/2039	49,019.60	-	49,019.60
03/01/2040	49,019.60	-	49,019.60
06/01/2040	49,019.60	-	49,019.60
09/01/2040	49,019.60	-	49,019.60
12/01/2040	49,019.60	-	49,019.60
03/01/2041	49,019.60	-	49,019.60
06/01/2041	49,019.60	-	49,019.60
09/01/2041	49,019.60	-	49,019.60
12/01/2041	49,019.60	-	49,019.60
03/01/2042	49,019.60	-	49,019.60
06/01/2042	49,019.60	-	49,019.60
09/01/2042	49,019.60	-	49,019.60
12/01/2042	49,019.60	-	49,019.60
03/01/2043	49,019.60	-	49,019.60
06/01/2043	49,019.60	-	49,019.60
09/01/2043	49,019.60	-	49,019.60
12/01/2043	49,019.60	-	49,019.60
03/01/2044	49,019.60	-	49,019.60
06/01/2044	49,019.60	-	49,019.60
09/01/2044	49,019.60	-	49,019.60
12/01/2044	49,019.60	-	49,019.60
<b>Total</b>	<b>\$7,500,000.00</b>	<b>-</b>	<b>\$7,500,000.00</b>

**Yield Statistics**

Bond Year Dollars	\$156,916.66
Average Life	20.922 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.67E-10
Bond Yield for Arbitrage Purposes	1.67E-10
All Inclusive Cost (AIC)	1.67E-10

**IRS Form 8038**

Net Interest Cost	-
Weighted Average Maturity	20.922 Years

SCHEDULE Z

None.

**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 8<sup>th</sup> day of December, 2004.

CASE NO. 02-0688-PSD-S-CN (REOPENED)

SALT ROCK SEWER PUBLIC SERVICE DISTRICT; CITY OF MILTON; CULLODEN PUBLIC SERVICE DISTRICT; and WEST VIRGINIA-AMERICAN WATER COMPANY

Joint application for certificates of convenience and necessity for construction of a Regional Sewer Project to serve Eastern Cabell County and for the construction of improvements and extensions to each Party's System; for approval of related financing; and for approval of certain agreements related thereto.

**COMMISSION ORDER**

This case has been reopened to consider a request to approve revised rates for Culloden Public Service District and Salt Rock Sewer Public Service District and to approve revised financing for Culloden, Salt Rock and the City of Milton.

The Commission referred this case to the Division of Administrative Law Judges for a limited purpose of conducting a hearing, if one was necessary. Upon review, the Commission concludes that a hearing is not needed.

**BACKGROUND**

Last year, the Commission granted several certificates, and approved revised rates, for a series of projects to upgrade sewer service in eastern Cabell County and western Putnam County. A regional sewage treatment plant and collection system was approved, and the Commission authorized extensions of service for the entities involved. The Commission also approved a joint service agreement for the regional sewer plant and a management agreement for one of the sewer systems. In addition to the Commission's assessment of public convenience and necessity, these projects were required by two separate Consent Decrees in the Circuit Court of Cabell County, West Virginia.

Bids came in higher than expected for Phase II matters in this series of projects, and thus, the Commission has been asked to approve revised funding and further rate increases in a Petition to Reopen filed jointly by Salt Rock, Culloden and the City of Milton.<sup>1</sup> Petition Reopen pp. 1-7 & attachments.

On November 22, 2004, the Commission referred this case to the ALJ Division, for limited purpose of conducting a hearing, if one was needed.

Salt Rock Sewer PSD

Squire  
Salt Rock serves 825 customers in Cabell County. Due to the changes in financing, Salt Rock said its rates would have to be increased. A copy of the proposed rates and the supporting Tariff Rule 42 financial exhibit were attached to the petition to reopen.

Salt Rock advised that it was publishing notice of the revised financing and rates, contemporaneously with the filing of the petition to reopen.

On November 16, 2004, John L. Ford of Ona filed a letter, characterizing it as a protest in response to the publication of notice which occurred in the *Herald-Dispatch* on November 9, 2004. Mr. Ford questioned why another regional wastewater board needed to be established when Milton, Culloden and Salt Rock each had their own attorneys, engineers, accountants and employees, their own board members and their own debt service. Ltr. p. 1. "I can see creating a regional wastewater system if it was going to consolidate the debt service, employees, professionals and board members," he wrote. "This consolidation could save money and I am for the reduction in costs and expenses. Therefore, I think a public hearing should be held and an explanation should be given as to why much of the expenses are duplicated." Id.

An affidavit has been filed reflecting that the notice was published in Cabell County on November 9, 2004. See Affidavit of Publication (Nov. 19, 2004).

Culloden PSD

Culloden serves 1,180 customers in Cabell and Putnam Counties. The majority of customers are in Cabell County, and about 350 are in Putnam County.

---

<sup>1</sup> Milton has enacted an ordinance to increase its rates, as a result of the bid overruns. The com's authority to review municipal rates is more limited than its authority to review the rates of other utilities. See *W. Va. Code* § 24-2-4b. Milton's increased rates are the subject of Case Number 04-1923-S-MA.

Due to the changes in financing, Culloden's said its rates would have to be increased. A copy of the proposed rates and the supporting Tariff Rule 42 financial exhibit were attached to the petition to reopen.

Culloden advised that it was publishing notice of the revised financing and rates, contemporaneously with the filing of the petition to reopen.

Affidavits have been filed reflecting that the notice was published in Kanawha County on November 2 and 9, 2004, and in Cabell County on November 3 and 10, 2004. See Affidavits of Publication.

On December 2, 2004, Culloden's counsel also advised the Commission that the *Charleston Gazette* had represented that it was a paper of general circulation in Putnam County, where 350 of Culloden's customers reside. However, thereafter, counsel was advised that the Secretary of State's office does not recognize the *Charleston Gazette* as a newspaper of general circulation in Putnam County. Accordingly, counsel also submitted notice to the *Hurricane Breeze* in Putnam County and expected publication to be made on November 25, 2004.

No protests have been filed from any Culloden customer.

## DISCUSSION

### Salt Rock

The Commission decided to grant the joint application to certificate the regional treatment plant in 2003. At that time, the Commission also granted its consent for Culloden, Salt Rock, and Milton to enter into a Regional Wastewater Treatment Facility and Service Agreement, which sets forth their respective obligations for the construction and use of the regional plant and related piping systems, and addresses cooperation among participants, including a Regional Plant Operating Committee. Mr. Ford's letter speculates that expenses may be unnecessarily duplicated with a regional concept.

Mr. Ford's letter was the only comment filed with the Commission, following publication of notice. The petition to reopen only requested that the Commission consider revised financing and rates due to bid overruns on plant to be constructed. The regional approach, as well as the sharing of expenses for that approach, were previously addressed by the Commission, and those matters are not at issue in this reopening. Since Mr. Ford's letter does not relate to the limited matters at issue in the reopening, the Commission concludes that a hearing is not necessary regarding Salt Rock's revised financing and rates

as a result of bid overruns.

Culloden

Based upon the representation of personnel at the *Charleston Gazette* that the *Charleston Gazette* was of general circulation in Putnam County, Culloden initially published its notice in Cabell and Kanawha Counties, although it serves customers in Cabell and Putnam Counties. However, the Secretary of State's office does not agree that the Kanawha County paper meets the requirements for Putnam County. Therefore, Culloden also submitted notice to the *Hurricane Breeze* in Putnam County and expected publication to be made on November 25, 2004.

Thirty days have elapsed since notices were first provided in Cabell and Kanawha Counties, and no letter of comment or protest has been filed. Moreover, two weeks have elapsed since additional notice was published in Putnam County, and again no letter of comment or protest has been filed. Under these circumstances, the Commission concludes that substantial compliance with the publication requirement has been met, by Culloden's publishing notice in Cabell and Kanawha Counties. Accordingly, a hearing is not required on Culloden's request for revised funding and rates.

**FINDINGS OF FACT**

1. Bids came in higher than expected for Phase II matters in this series of projects, and thus, the Commission was asked on November 5, 2004, to approve revised funding and further rate increases in a Petition to Reopen filed jointly by Salt Rock, Culloden and Milton. Petition to Reopen pp. 1-7 & attachments.
2. On November 22, 2004, the Commission referred this case to the ALJ Division, for the limited purpose of conducting a hearing, if one was needed.
3. Salt Rock serves 825 customers in Cabell County.
4. On November 16, 2004, Mr. Ford of Ona filed a letter, questioning whether this regional project duplicated expenses. Ltr. p. 1.
5. Salt Rock published notice of its proposed rates in Cabell County on November 9, 2004. See Affidavit of Publication (Nov. 19, 2004).
6. Culloden serves 1,180 customers in Cabell and Putnam Counties. The

majority of customers are in Cabell County, and about 350 are in Putnam County.

7. Culloden published notice of its proposed rates in Kanawha County on November 2 and 9, 2004, and in Cabell County on November 3 and 10, 2004. See Affidavits of Publication.

8. To date, no protests or comments have been filed in response to those Culloden publications.

9. Culloden also published notice in Putnam County on November 25, 2004. Again, to date no protests or comments have been filed by any Culloden customer.

### CONCLUSIONS OF LAW

1. Mr. Ford's letter was the only comment filed with the Commission, following Salt Rock's publication of notice. However, Mr. Ford's letter does not relate to the limited matters at issue in the reopening. Therefore, the Commission concludes that a hearing is not necessary regarding Salt Rock's revised financing and rates as a result of bid overruns.

2. Culloden published notice of its proposed rate increase in Cabell and Kanawha Counties more than 30 days ago, and no protest or comment has been filed in response. Culloden has also published notice in Putnam County, and no protest or comment has been received within two weeks of that publication. Under these circumstances, the Commission concludes that substantial compliance with the publication requirement has been met, by Culloden's publishing notice in Cabell and Kanawha Counties. Accordingly, a hearing is not required on Culloden's request for revised funding and rates.

### ORDER

IT IS THEREFORE ORDERED that a hearing is not required for Salt Rock's and Culloden's proposed rate increases.

IT IS FURTHER ORDERED that this matter remains pending with the Commission, for further proceedings.

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

A True Copy, Teste:



Sandra Squire  
Executive Secretary

CLW/sek  
020688ci.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 17<sup>th</sup> day of December, 2004.

CASE NO. 02-0688-PSD-S-CN (REOPENED)

SALT ROCK SEWER PUBLIC SERVICE DISTRICT; CITY OF MILTON; CULLODEN PUBLIC SERVICE DISTRICT; and WEST VIRGINIA-AMERICAN WATER COMPANY

Joint application for certificates of convenience and necessity for construction of a Regional Sewer Project to serve Eastern Cabell County and for the construction of improvements and extensions to each Party's System; for approval of related financing; and for approval of certain agreements related thereto.

**COMMISSION ORDER**

This case was reopened to consider a request to approve revised Phase II rates for Culloden Public Service District and Salt Rock Sewer Public Service District, due to bid overruns. The Commission also was asked to approve revised Phase II financing for Culloden, Salt Rock and the City of Milton. Moreover, the cost overrun also requires design changes for the regional treatment plant, as well as a modification in the scope of Salt Rock's collection system extension.

There have been no protests to notice of the revised rates and financing, and Staff recommends that the revisions be approved. The Commission shall approved the revisions.

**BACKGROUND**

On March 26, 2003, the Commission granted several certificates, and approved revised rates, for a series of projects to upgrade sewer service in eastern Cabell County and western Putnam County. A regional sewage treatment plant and collection system was approved, and the Commission authorized extensions of service for the entities involved. The Commission also approved a joint service agreement for the regional sewer plant and a management agreement for one of the sewer systems. In addition to the Commission's assessment that the public convenience and necessity required these particular projects, improvements were mandated by two separate Consent Decrees in the Circuit Court of Cabell County, West Virginia.

Bids came in higher than expected for Phase I matters, and Salt Rock needed to become current on the revenue and reserve accounts of its existing bonds before it could close on the bond issue for Phase II. On June 24, 2003, the Commission approved additional funding, to cover the Phase I bid overrun and to correct Salt Rock's bond deficiencies.

Bids have also come in higher than expected for the Phase II matters in this series of projects, and thus, on November 5, 2004, the Commission was asked to approve revised funding and further rate increases in a Petition to Reopen filed jointly by Salt Rock, Culloden and the City of Milton.<sup>1</sup> Petition to Reopen pp. 1-7 & attachments.

Salt Rock Sewer PSD

Salt Rock serves 825 customers in Cabell County. On March 26, 2003, the Commission approved the following Phase II funding for Salt Rock, which would enable the utility to construct the Phase II trunk line from Milton to the Regional Plant, to construct the Regional Plant, to retire Salt Rock's 1998 and 2002 bonds, to construct Salt Rock's system improvements, and to reimburse Milton's design expenses:

WVIJDC <sup>2</sup> grant	\$ 1,000,000
WVIJDC loan, 0% interest, 40 years	\$ 6,000,000
CWSRF loan, 0% interest, 0.5% administrative fee, 40 years	\$10,770,000

The Commission also approved the following Salt Rock rates:

---

<sup>1</sup> Milton has enacted an ordinance to increase its rates, as a result of the bid overruns. The Commission's authority to review municipal rates is more limited than its authority to review the rates of other utilities. See W. Va. Code § 24-2-4b. Staff alleged that Milton's notice of increased rates was deficient, and on December 1, 2004, the Commission asserted its jurisdiction and opened Case Number 04-1923-S-MA. Thereafter, Milton asked the Commission to find that Milton had substantially complied with the notice requirements. On December 10, 2004, the Commission agreed with Milton, vacated the order asserting jurisdiction and dismissed the municipal appeal proceeding.

<sup>2</sup> WVIJDC has been used to abbreviate the name West Virginia Infrastructure & Jobs Development Council.

Second step<sup>3</sup> – For the average residential customer, the monthly bill would increase 8.4% or \$3.69, to \$47.86 from \$44.17. The commodity charge was \$8.32/Mgal.<sup>4</sup> The customer charge was \$10.42. These rates were effective on the earlier of the commencement of Salt Rock’s Phase II loan obligations or when the regional plant began operating.

On September 1, 2004, Salt Rock opened bids for the Phase II work, but those bids came in higher than the approved financing. Because the overbid was significant, Salt Rock decided to rebid the regional treatment plant construction. Some design revisions were made to permit Salt Rock to adjust the project to fit within available funding. A copy of the revised design and bid documents were provided to Commission Staff.

To fund the increased cost, Salt Rock said it arranged additional financing from the West Virginia Infrastructure & Jobs Development Council as follows:

WVIJDC Grant	\$ 450,000
WVIJDC Loan, 0% interest, 40 years (amortized over 38 years)	\$1,500,000

Further, the Clean Water State Revolving Fund (CWSRF) had verbally agreed to commit up to \$1,809,002 more, at 0% interest and an 0.5% administrative fee, with a 38-year term. However, this loan would not be available to Salt Rock for up to two years after the start of construction, due to the lack of current funds in the CWSRF program. As a condition for this new loan, Salt Rock would have to reduce the amount of the additional CWSRF loan by any decrease in the total Salt Rock project cost below \$8,558,000, as a result of the re-bid of the treatment plant. Salt Rock said it would file the written commitment for this loan when it was received.

Since the additional CWSRF loan would not be available for some time, Salt Rock said it would have to issue a \$1,809,002 Bond Anticipation Note at the start of construction. Salt Rock wrote that it was soliciting proposals from financial institutions for this note, with a two-year maturity, including capitalized interest payable during the construction period. Salt Rock believed the interest rate would be at or below 5%, and it said it would file the commitment for this note when it was received.

---

<sup>3</sup> The Commission also approved First Step/Phase I rates. Those rates are not at issue in this proceeding.

<sup>4</sup> “/Mgal” is an abbreviation for “per thousand gallons.”

As a result of the changes in financing, Salt Rock said its rates would have to be increased. A copy of the following proposed rates and the supporting Tariff Rule 42 financial exhibit were attached to the petition to reopen.

Second step – For the average residential customer, the monthly bill would increase another 5.78% or \$2.74, to \$50.60 from \$47.86. The commodity charge is \$8.80/Mgal, up from \$8.32/Mgal. The customer charge is \$11.00, up from \$10.42. Effective on the earlier of the commencement of its Phase II loan obligations or when the regional plant begins operating.

Salt Rock advised that it was publishing notice of the revised financing and rates, contemporaneously with the filing of the petition to reopen.

An affidavit has been filed reflecting that the notice was published in Cabell County on November 9, 2004. See Affidavit of Publication. The thirty days to protest, then, expired on December 9, 2004. To date, the Commission has not received any protests to the matters proposed in the reopening.<sup>5</sup>

On December 7, 2004, the Commission was advised that on December 6, 2004, the West Virginia Department of Environmental Protection agreed to increase the CWSRF loan to \$11,068,062, from \$10,770,000. The terms would remain at 0% interest, a 0.5% administrative fee, and 40 years. Salt Rock provided a commitment letter for this financing, which stated that the funds were set aside for a closing to occur within two months. As a result, Salt Rock advised that, through a combination of reduced bids that were opened on November 10, 2004, and this additional CWSRF money, Salt Rock's share of the project would be fully funded by grant and permanent financing, and it would not be necessary to issue a Bond Anticipation Note.

On December 15, 2004, the Commission's Technical Staff advised that the primary cost overruns were experienced at the regional treatment plant. Initial & Final Internal Memorandum p. 2, attached to Initial & Final Joint Staff Memorandum. Consequently, the facility was redesigned and rebid, to bring costs closer to the original budget. However, even after significant redesign, the project requires additional funding. Technical Staff reviewed the revised plans and contract documents, and said it concurred with the overall concept and scope.

---

<sup>5</sup> On November 16, 2004, John L. Ford of Ona filed a letter. However, on December 8, 2004, the Commission held that Mr. Ford's concerns did not relate to the limited matters at issue in this reopening. Mr. Ford's letter was the only comment filed with the Commission, following Salt Rock's publication of notice.

In addition, Technical Staff advised that revisions were made to Salt Rock's collection system extension, to reduce costs. Initial & Final Internal Memorandum p. 3, attached to Initial & Final Joint Staff Memorandum. Thirty-six<sup>6</sup> potential customers will be eliminated. Originally, the Salt Rock extension was estimated to serve 714 new customers. However, after revising the project, Salt Rock proposes to add only about 678 customers. Staff advised that the lines to be eliminated are throughout the overall project area. They have relatively low customer density, and consequently there are higher construction costs per customer in the areas to be cut from the project. Id. p. 3.

Technical Staff also advised that Salt Rock has provided a revised WVIJDC commitment letter for the additional grant and loan funds, and a CWSRF commitment letter for the \$1,809,002 loan. Id. p. 7. Due to this additional borrowing, Salt Rock needs to increase its Phase II rates and charges 5.7%.

Staff said that the revised project cost and the revised rates were financially feasible and should be approved. Id. p. 9.

Staff provided a revised tariff, which included language modifications so that Salt Rock's tariff provisions would conform to the Commission's Rules for the Construction and Filing of Tariff, 150 C.S.R. Series 2, which became effective December 24, 2002.

Although Salt Rock proposed to increase its Disconnect, Reconnect and Administrative Fees, Staff recommended that these fees remain at \$20 because there had been no formal tariff filing or a revision to the current termination agreements. Id. p. 9.

Salt Rock had requested a 37% increase in its wastewater and leachate commodity charges. However, Staff only recommended an increase equal to the 5.7% proposed rate

---

<sup>6</sup> These revisions were proposed for Salt Rock's collection system extension:

1. Eliminate the extreme upper end of Line J3, save \$78,000, lose 2 customers.
2. Eliminate Line D, save \$25,105, lose 2 customers.
3. Eliminate the Kinser Pump Station and Lines B, C and FM1, save \$97,730, lose 12 customers.
4. Eliminate the Mud River and Prince Pump Stations and Line FM4A, save \$59,390, lose 5 customers.
5. Eliminate the NDS Realty Pump Station and its lines, save \$22,150, lose 2 customers.
6. Eliminate a portion of Line E, save \$78,000, lose 7 customers.
7. Eliminate the Thornburg Pump Station and its lines, save \$57,3000, lose 5 customers.

Initial & Final Internal Memorandum pp. 3-4, attached to Initial & Final Joint Staff Memorandum.

increase. Id.

Salt Rock asked that its leak adjustment rate be increased to \$2.00/Mgal from 1.13/Mgal. Id. However, Staff advised that an increase consistent with Salt Rock's revised estimate of operation and maintenance expenses would be appropriate. Therefore, Staff recommended a 4% increase, or to \$1.28/Mgal.

Finally, Staff recommended that a revised Phase II project cost be approved not to exceed \$19,938,062. Id. p. 10.

On December 16, 2004, Salt Rock advised that it agreed with Staff's recommendations and asked the Commission to enter an order adopting Staff's position. Ltr. p. 1.

### Milton

Milton serves 1,181 customers in Cabell County. On March 26, 2003, the Commission approved the following funding for Milton's participation in this joint project:

State Revolving Fund Loan, 0% interest, 0.5% administrative fee, 40 years, to construct a portion of Milton system improvements, no real estate related costs	\$6,351,371
WVIJDC loan, 0% interest, 40 years, to retire a portion of Milton's 1999 bonds, to construct a portion of Milton system improvements, real estate related costs	\$ 485,000

The Commission also approved a \$323,373 contribution from Salt Rock to Milton, as part of the Regional Wastewater Treatment Facility and Service agreement.

Milton opened bids for its share of the project on September 8, 2004, and those bids exceeded the estimate by \$1,086,903. Milton advised that it has arranged an increase in its WVIJDC loan to cover that amount and provided a commitment letter for the additional funding.

As a result of the revised financing, Milton enacted an ordinance on October 27, 2004, to increase its rates. A copy of those rates, as well as the supporting Tariff Rule 42 financial exhibit were filed with the Commission. Pursuant to the statutory process of W. Va. Code § 24-2-4b, Milton said that its rates would become final if no protests were filed within 30 days of publication of notice. Milton advised that it was in the process of

providing the statutorily required notice.

On December 15, 2004, the Commission's Technical Staff advised that Milton also experienced significantly higher than expected construction costs. Initial & Final Internal Memorandum p. 7, attached to Initial & Final Joint Staff Memorandum. Staff said that Milton had provided the WVIJDC commitment letter for an additional \$1,086,903 loan to cover the overrun. Id. p. 8.

Staff also advised that Milton enacted an ordinance to increase its Phase II rates another 4.4%, due to the additional borrowing.

Finally, Staff recommended that a revised Phase II project cost be approved not to exceed \$8,246,647. Id. p. 10.

On December 16, 2004, Milton advised that it agreed with Staff's recommendations and asked the Commission to enter an order adopting Staff's position. Ltr. p. 1.

Culloden PSD

Culloden serves 1,180 customers in Cabell and Putnam Counties. On March 26, 2003, the Commission approved the following funding for Culloden's participation in this joint project:

Water Development Authority Loan, same term & rate as Culloden's 1968 bonds	\$ 79,000 <sup>7</sup>
Water Development Authority Loan, same terms & rate as Culloden's 1980 bonds	\$ 87,000 <sup>8</sup>
CWSRF Loan, 0% interest, 0.5% administrative fee, not more than 40 years, to refund \$542,593 of Culloden's 1999 notes, and payment of Culloden's capital costs	\$ 689,000 <sup>9</sup>

---

<sup>7</sup> This funding was not associated with Phase II and has already been closed. Thus, it is not at issue in this reopening.

<sup>8</sup> This funding was not associated with Phase II and has already been closed. Thus, it is not at issue in this reopening.

<sup>9</sup> This funding was not associated with Phase II and has already been closed. Thus, it is not at issue in this reopening.

CWSRF Fund Loan, 0% interest, 0.5% administrative fee, \$1,100,000  
40 years, to construct Culloden's system improvements

The Commission also approved the following Culloden rates:

Phase II<sup>10</sup> – For the average residential customer, the monthly bill would increase 13.7% or \$6.30, to \$52.20 from \$45.90, commencing with the earlier of its Phase II loan obligations or when the regional plant begins operating. The commodity charge is \$11.60/Mgal.

On September 15, 2004, Culloden opened bids for its share of the project, which includes upgrades of Culloden's collection and transmission facilities. These bids were within the cost estimates.

However, Culloden is also required to participate in the cost of the regional treatment plant and in the Phase II transmission line. Since the bids for these matters exceeded projections, Culloden has to increase its rates. Culloden proposed the following rates and filed a supporting Tariff Rule 42 financial exhibit:

Phase II – For the average residential customer, the monthly bill would increase another 4.3% or \$2.25, to \$54.45 from \$52.20, commencing with the earlier of its Phase II loan obligations or when the regional plant begins operating. The commodity charge would be \$12.10/Mgal, up from \$11.60/Mgal.

Culloden also advised that it was publishing notice of the revised financing and rates, contemporaneously with the filing of the petition to reopen. Affidavits have been filed showing that the notice was published in Kanawha County on November 2 and 9, 2004, and in Cabell County on November 3 and 10, 2004. See Affidavits of Publication.

On December 2, 2004, Culloden's counsel also advised the Commission that the *Charleston Gazette* had represented that the *Gazette* was a paper of general circulation in Putnam County, where 350 of Culloden's customers reside. However, thereafter, counsel was advised that the Secretary of State's office does not recognize the *Charleston Gazette* as a newspaper of general circulation in Putnam County. Accordingly, counsel also submitted notice to the *Hurricane Breeze* in Putnam County and expected publication to be

---

<sup>10</sup> The Commission also approved Phase I rates. Those rates are not at issue in this proceeding.

made on November 25, 2004.

On November 23, 2004, individual copies of the notice of Culloden's proposed rate increase were mailed to the 350 Culloden customers residing in Putnam County. See Affidavit of Mailing p. 2 (Dec. 2, 2004).

On December 8, 2004, the Commission noted that no protests had been filed within 30 days of Culloden's publication of notice in Cabell and Kanawha Counties. Further, no protest was filed within two weeks of the publication of notice in Putnam County. Under those circumstances, the Commission concluded that Culloden had substantially complied with the requirement to publish notice. Comm'n Order p. 5.

On December 15, 2004, the Commission's Technical Staff advised that bids for Culloden's extension project were within the estimate previously approved by the Commission. Initial & Final Internal Memorandum p. 5, attached to Initial & Final Joint Staff Memorandum. However, Culloden needed to increase its rates 4.3% to meet its increased financial obligations for the regional treatment plant. Id. pp. 8-9.

Staff said that Culloden's revised rates were financially feasible and should be approved. Id. p. 9.

Staff provided a revised tariff, which included language modifications so that Culloden's tariff provisions would conform to the Commission's Rules for the Construction and Filing of Tariff, 150 C.S.R. Series 2, which became effective December 24, 2002.

Although Culloden proposed to increase its Disconnect, Reconnect and Administrative Fees, Staff recommended that these fees remain at \$20 because there had been no formal tariff filing or a revision to the current termination agreements. Id. p. 9.

Culloden had requested a 37% increase in its wastewater and leachate commodity charges. However, Staff only recommended an increase equal to the 4.3% proposed rate increase. Id.

Culloden had also asked to increase its tap fee to \$350 from \$300. Staff recommended no change, though, because Culloden did not provide any financial or operational justification for the increase. Id.

Culloden asked that its leak adjustment rate be increased to \$6.05/Mgal from 1.13/Mgal. Id. However, Staff said that an increase consistent with Culloden's revised estimate of operation and maintenance expenses would be appropriate. Therefore, Staff

recommended an 8% increase, or to \$1.22/Mgal.

Finally, Staff recommended that a revised Phase II project cost be approved not to exceed \$1,107,500. Id. p. 10.

On December 16, 2004, Culloden advised that it agreed with Staff's recommendations and asked the Commission to enter an order adopting Staff's position. Ltr. p. 1.

### DISCUSSION

The public convenience and necessity require these Phase II projects, and additional funding has been secured to cover the bid overruns. Therefore, we agree with the utilities and with Staff that the proposed revisions to Phase II funding should be approved.

Notice has been provided for the revised Phase II rates for Salt Rock and Culloden, and no protests have been filed. Thus, the Commission concludes that the revised rates should be approved, so that the utilities may pay their financial obligations related to these projects.

Staff suggested revisions to Salt Rocks' and Culloden's proposed tariffs. Salt Rock and Culloden have advised that they accept Staff's tariff revisions. The Commission finds Staff's proposed tariffs reasonable and shall adopt them.

The Commission does note, though, that Staff suggested that Salt Rock and Culloden be required to file for rate review within 18 months of substantial completion of the regional treatment plant. The Commission required Salt Rock and Culloden to do this in the Commission's March 26, 2003, order, which remains in effect. Thus, it is not necessary to repeat this requirement in today's order.

### FINDINGS OF FACT

1. On March 26, 2003, the Commission granted certificates and approved financing for several related projects to improve sewer service in Cabell and Putnam counties. In connection with these projects, the Commission approved several rate increases for Salt Rock and Culloden.

2. On June 24, 2003, the Commission approved revised financing when Phase I bids came in higher than estimated. The Commission also approved additional funding to cure deficiencies in Salt Rock's existing bonds, so that Salt Rock could close on Phase I

bonds.

3. On November 5, 2004, Salt Rock and Milton petitioned the Commission for approval of revised financing, because bids for the Phase II projects come in over estimates.

4. Salt Rock and Culloden also asked the Commission to approve further rates increases, due to the increased financial obligations required by the Phase II projects.

5. Salt Rock published notice of its revised financing and Phase II rates on November 9, 2004. The thirty-day protest period expired on December 9, 2004. To date, the Commission has not received any protests to the matters proposed in the reopening.

6. Culloden published notice of its revised rates in Kanawha County on November 2, and 9, 2004, and in Putnam County, on November 3 and 10, 2004. Culloden also mailed notice to its customers. On November 25, 2004, Culloden published notice in Putnam County, where 350 of its customers reside.

7. On December 8, 2004, the Commission held that Culloden had substantially complied with the notice requirements.

8. To date, the Commission has not received any protests from Culloden's customers.

9. On December 15, 2004, Commission Staff recommended that the petition to reopen be granted. However, Staff differed with the utilities as to these proposed charges: leak adjustment; wastewater and leachate commodity; disconnect, reconnect and administrative fees; tap fee.

10. On December 16, 2004, Salt Rock, Milton and Culloden advised that they agreed with Staff's recommendations and asked the Commission to enter an order adopting Staff's position. Ltr. p. 1.

### CONCLUSIONS OF LAW

1. The public convenience and necessity require these Phase II projects, and additional funding has been secured to cover the bid overruns. Therefore, the proposed revisions to Phase II funding should be approved, as the utilities and Staff have recommended.

2. Notice has been provided for the revised Phase II rates for Salt Rock and Culloden, and no protests have been filed. Thus, the revised rates should be approved, so that the utilities may pay their financial obligations related to these projects.

3. Salt Rocks, Culloden and Staff have agreed to revised tariff provisions, which are consistent with the Commission's Tariff Rules. The Commission should approve those tariff revisions.

**ORDER**

IT IS THEREFORE ORDERED that the following revised Phase II financing is approved:

***Salt Rock***

WVIJDC Grant	\$ 1,370,000 <sup>11</sup>
WVIJDC Loan, 0% interest, 40 years (amortized over 38 years)	\$ 7,500,000
CWSRF loan, 0% interest, 0.5% administrative fee, 40 years	<u>\$11,068,062</u>
Total Project Cost	\$19,938,062

***Milton***

State Revolving Fund Loan, 0% interest, 0.5% administrative fee, 40 years, to construct a portion of Milton system improvements, no real estate related costs	\$ 6,351,371
WVIJDC loan, 0% interest, 40 years, to retire a portion of Milton's 1999 bonds, to construct a portion of Milton system improvements, real estate related costs	\$ 1,571,903
Salt Rock Sewer PSD's contribution, pursuant to	

---

<sup>11</sup> The Commission previously approved a \$1 million WVIJDC grant, and in this petition to reopen Salt Rock requested approval of \$450,000 more. However, \$80,000 of that grant was advanced to Salt Rock in April 2004 to pay for professional real estate services. Therefore, only \$1,370,000 remains to be disbursed, and the remaining amount is what the Commission has been requested to approve as part of Salt Rock's revised financing.

previously approved Regional Wastewater Treatment Facility and Service agreement	<u>\$ 323,373</u>
Total project cost	\$8,246,647

IT IS FURTHER ORDERED that if there are any further changes in the plans, scope, or financing of the Phase II projects, the applicants must petition for the Commission's approval of those changes.

IT IS FURTHER ORDERED that the revised rates for Culloden and Salt Rock are approved, as are fully set forth in the attached tariff sheets. A summary of those rates appears below.

***Salt Rock***

Second step – For the average residential customer, the monthly bill would increase another 5.78% or \$2.74, to \$50.60 from \$47.86. The commodity charge is \$8.80/Mgal, up from \$8.32/Mgal. The customer charge is \$11.00, up from \$10.42. Effective on the earlier of the commencement of its Phase II loan obligations or when the regional plant begins operating.

***Culloden***

Phase II – For the average residential customer, the monthly bill would increase 4.3% or \$2.25, to \$54.45 from \$52.20, commencing with the earlier of its Phase II loan obligations or when the regional plant begins operating. The commodity charge is increasing to \$12.10/Mgal from \$11.60/Mgal.

IT IS FURTHER ORDERED that Culloden and Salt Rock shall, respectively, file an original and five copies of revised tariff sheets reflecting these new rates within thirty (30) days of the date of this order.

IT IS FURTHER ORDERED that Salt Rock and Culloden shall begin using the leak adjustment rate on the date of this order as set forth below:

Salt Rock	\$1.28 per thousand gallons
Culloden	\$1.22 per thousand gallons

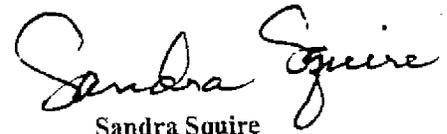
IT IS FURTHER ORDERED that Salt Rock and Culloden shall provide notice of the leak adjustment rate to their customers. They may use the attached notices. Salt Rock and

Culloden shall promptly provide the affidavit(s) of publication.

IT IS FURTHER ORDERED that this proceeding 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  
Executive Secretary

CLW/sck  
020688cj.wpd

**EASTERN CABELL COUNTY SEWER PROJECT  
CASE NO. 02-0688-PSD-S-CN(REOPENED)  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
STAFF RECOMMENDED TARIFF - PHASE II**

- (C) APPLICABILITY  
Applicable within the entire territory served.
- (C) AVAILABILITY  
Available for general domestic, commercial and industrial sewer service(except unusual industrial waste).
- (C,I) RATES (customers with metered water supply)  
Service charge               \$11.00 per month  
Usage Charge               \$8.80 per 1,000 gallons of water usage
- (I) FLAT RATE CHARGE (customers with non-metered water supply)  
Equivalent of 4,500 gallons of water usage, \$50.60 per month.
- (C,I) MINIMUM CHARGE  
No bill will be rendered for less than \$37.40 per month, which is the equivalent of 3,000 gallons of usage.

DELAYED PAYMENT PENALTY

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

- (C,I) DISCONNECT/RECONNECT/ADMINISTRATIVE FEES  
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with WV-American Water Company, a disconnection fee of \$20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of \$20.00 shall be charged.  
Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with WV-American Water Company, is reconnected, a reconnection fee of \$20.00 shall be charged.

(I) 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.

(C) TAP FEE

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

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

(I) LEAK ADJUSTMENT

\$1.28 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SCHEDULE II

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

Applicability

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

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

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

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

### SCHEDULE III

#### SURCHARGE FORMULA TO BE APPLIED TO A CUSTOMER PRODUCING UNUSUAL WASTE

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

$$C_i = V_o V_i + B_o B_i + S_o S_i$$

$C_i$ =	consumption charge to unusual users.
$V_o$ =	average unit cost of transport and treatment chargeable to volume, in dollars per 1,000 gallons.
$V_i$ =	volume of waste water from unusual users, in 1,000 gallons.
$B_o$ =	average unit of cost of treatment, chargeable to Biochemical Oxygen

- Demand (BOD), in dollars per pound.
- Bi = weight of BOD from unusual users, in pounds.
- So = average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound.
- Si = weight of total solids from unusual users, in pounds.

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

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

#### SCHEDULE IV

#### UNMETERED INDUSTRIAL SEWAGE CHARGE.

##### Applicability

Inside and outside of the corporate limits of Salt Rock Sewer PSD

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

SCHEDULE V

(C) APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for wastewater and leachate haulers.

(I) RATES

Commodity Charge - Each hauler shall pay a commodity charge of \$23.13 per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate.

DELAYED PAYMENT PENALTY

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

(I) 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.

(C) Indicates change in text

(I) Indicates increase

**EASTERN CABELL COUNTY SEWER PROJECT  
CASE NO. 02-0688-PSD-S-CN(REOPENED)  
CULLODEN PUBLIC SERVICE DISTRICT  
STAFF RECOMMENDED TARIFF - PHASE II**

SCHEDULE I

(C) APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY

Available for general domestic, commercial and industrial sewer service (except unusual industrial waste).

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

Usage Charge                      \$12.10 per 1,000 gallons of water usage.

(C,I) FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, 54.45 per month.

(C,I) MINIMUM CHARGE

No bill will be rendered for less than \$36.30 per month which is equivalent of 3,000 gallons of usage.

DELAYED PAYMENT PENALTY

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

(C,I) DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with WV-American Water Company, a disconnection fee of \$20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of \$20.00 shall be charged.

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

(C) 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.

(C) TAP FEE

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

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

(I) LEAK ADJUSTMENT

\$1.22 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SCHEDULE II

(C) SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

Applicability

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

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

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

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

### SCHEDULE III

#### SURCHARGE FORMULA TO BE APPLIED TO A CUSTOMER PRODUCING UNUSUAL WASTE

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

$$C_i = V_o V_i + B_o B_i + S_o S_i$$

$C_i$ =	consumption charge to unusual users.
$V_o$ =	average unit cost of transport and treatment chargeable to volume, in dollars per 1,000 gallons.
$V_i$ =	volume of waste water from unusual users, in 1,000 gallons.
$B_o$ =	average unit of cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound.

- Bi = weight of BOD from unusual users ,in pounds.  
So = average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound.  
Si = weight of total solids from unusual users, in pounds.

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

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

#### SCHEDULE IV

#### UNMETERED INDUSTRIAL SEWAGE CHARGE.

##### Applicability

Inside and outside of the Corporate limits of Culloden PSD

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

SCHEDULE V

(C) APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for wastewater and leachate haulers.

(I) RATES

Commodity Charge - Each hauler shall pay a commodity charge of \$22.84 per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate.

DELAYED PAYMENT PENALTY

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

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.

(C) Indicates change in text

(I) Indicates increase

**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 17<sup>th</sup> day of December, 2004.

CASE NO. 02-0688-PSD-S-CN (REOPENED)

SALT ROCK SEWER PUBLIC SERVICE DISTRICT; CITY  
OF MILTON; CULLODEN PUBLIC SERVICE DISTRICT;  
and WEST VIRGINIA-AMERICAN WATER COMPANY

Joint application for certificates of convenience and necessity for construction of a Regional Sewer Project to serve Eastern Cabell County and for the construction of improvements and extensions to each Party's System; for approval of related financing; and for approval of certain agreements related thereto.

**NOTICE OF Leak Adjustment Rate**

By Order issued on December 17, 2004, the Public Service Commission authorized Culloden Public Service District to change its leak adjustment increment. For certain line leaks on the customer's side of the meter, Culloden will use \$1.22 per thousand gallons to recalculate bills.

Culloden Public Service District

**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 17<sup>th</sup> day of December, 2004.

CASE NO. 02-0688-PSD-S-CN (REOPENED)

SALT ROCK SEWER PUBLIC SERVICE DISTRICT; CITY OF MILTON; CULLODEN PUBLIC SERVICE DISTRICT; and WEST VIRGINIA-AMERICAN WATER COMPANY

Joint application for certificates of convenience and necessity for construction of a Regional Sewer Project to serve Eastern Cabell County and for the construction of improvements and extensions to each Party's System; for approval of related financing; and for approval of certain agreements related thereto.

**NOTICE OF Leak Adjustment Rate**

By Order issued on December 17, 2004, the Public Service Commission authorized Salt Rock Public Service District to change its leak adjustment increment. For certain line leaks on the customer's side of the meter, Salt Rock will use \$1.28 per thousand gallons to recalculate bills.

Salt Rock Public Service District

# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

Russell L. Isaacs, Chairman  
Cottageville

Henry Harmon, Vice Chairman  
Hurricane

Dwight Calhoun  
Petersburg

C. R. "Rennie" Hill, III  
Beckley

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

Katy Mallory, PE  
Executive Secretary

Katy.Mallory@verizon.net

November 6, 2002

Zonnie Byrnside, General Manager  
Salt Rock Public Service District  
100 Padero Drive  
Ona, West Virginia 25545

Re: Salt Rock Public Service District  
Sewer Project 97S-356a

Dear Mr. Byrnside:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Salt Rock Public Service District's (the "District") revised preliminary application regarding its proposed project to construct an effluent line from Culloden Public Service District to Mud River (the "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. The District should carefully review the enclosed comments of the Sewer Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District utilize the \$2,050,000 Clean Water State Revolving Fund loan and pursue a \$60,000 Water Development Authority loan to fund this \$2,110,000 project. Please contact the Water Development Authority office at 558-3612 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

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

Sincerely,



Russell L. Isaacs

RLI/km

cc: Mike Johnson, DEP (w/o enclosure)  
Bernie Yonkosky, WDA (w/o enclosure)  
Region II Planning & Development Council  
Fred Hypes, P.E., Dunn Engineers

# West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman  
St. Albans  
William J. Harman, PE, Vice Chairman  
Grafton  
Dwight Calhoun  
Petersburg  
Tim Rutledge  
Gilbert

980 One Valley Square  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609

Kary Mallory, PE  
Executive Secretary

KMallory@ezwv.com

August 4, 2000

Ms. Zonnie Byrnside, General Manager  
Salt Rock Sewer Public Service District  
100 Padero Drive  
Ona, West Virginia 25545

Re: Wastewater treatment plant upgrade project 97S-356

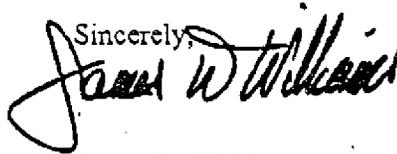
Dear Ms. Byrnside:

The West Virginia Infrastructure and Jobs Development Council, at its August 2, 2000 meeting, voted to offer the Salt Rock Sewer Public Service District (the "District") a Binding Commitment for an Infrastructure Fund loan of \$6,000,000 and an Infrastructure Fund grant of \$1,000,000 to complete the funding for the District's proposed project to upgrade the existing wastewater treatment plant, install gravity sewer pipe, and remove 7 existing package treatment plants (the "Project"). The Council proposes to offer this assistance for a term of 40 years with 0% interest.

It is the Council's understanding that the District has obtained a Clean Water State Revolving Fund (CWSRF) loan of \$6,662,690 and a CWSRF design loan of \$820,000, hereby completing the financing for this \$14,482,690 Project.

The Council also determined that in order to receive the proposed Binding Commitment, the District must adhere to a certain project schedule. Additionally, any Binding Commitment issued will be contingent upon the availability of Infrastructure funds, which is expected to be realized with the anticipated Revenue Bond Issue in October.

Please call Kary Mallory at 558-4607 to establish the necessary project schedule and finalize the proposed Binding Commitment.

Sincerely,  


James D. Williams

JDW/rc

cc: J. Michael Johnson, PE, DEP  
Region II P&D Council



# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

James D. Williams, Chairman  
St. Albans  
James L. Harrison, Sr., Vice Chairman  
Princeton  
Lloyd F. Adams, P.E.  
Wheeling  
Sheirl L. Fletcher  
Morgantown

1320 One Valley Square  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire  
Executive Secretary

October 2, 1997

Zonnie Byrnside  
Salt Rock Sewer Public Service District  
100 Padero Drive  
Ona, WV 25545

Re: Wastewater Treatment Plant Improvements and  
System Extension Project 97S-356

Dear Mr. Byrnside:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Salt Rock Public Service District's (District) preliminary application regarding the District's proposed project to upgrade the wastewater treatment plant and extend the collection system to serve approximately 714 new customers (Project). Based on the findings of the Sewer Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Sewer Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council recommends the District pursue a State Revolving Fund loan of approximately \$798,000. The District may also be eligible for Infrastructure Fund assistance of approximately \$10,313,000. The Council's final decision as to the Project's specific funding is being deferred pending final determination of the Project's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. Currently, no funds are available in the Infrastructure Fund. **Please note that this letter does not constitute funding approval from these funding agencies.**

Please immediately notify the Council upon the District's receipt of either a commitment or denial of funding from the Division of Environmental Protection. Upon such notification, the

Zonnie Byrnside

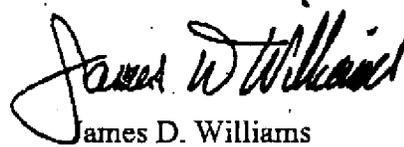
October 2, 1997

Page 2

Council will review the status of the Project and the District's need for funding from the Infrastructure Fund.

If you have any questions regarding this matter, please contact Susan J. Riggs at the above telephone number.

Sincerely,



James D. Williams

JDW/bjh

Enclosure

cc: Doug Schmidt  
David Michael

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 29<sup>th</sup> day of December, 2004, 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 Salt Rock Sewer Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

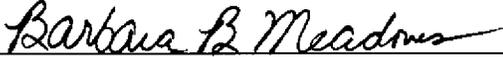
1. On the date hereof, the Authority received from the Issuer its: (i) Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), in the principal amount of \$11,068,062, numbered AR-1 (the "Series 2004 A Bonds"); and (ii) Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in the principal amount of \$7,500,000, numbered BR-1 (the "Series 2004 B Bonds") (collectively, the "Series 2004 Bonds").

2. At the time of such receipt, all the Series 2004 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 thereon.

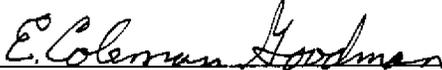
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2004 Bonds, the sum of \$553,403, being a portion of the principal amount of the Series 2004 A Bonds and \$1,231,400, being a portion of the principal amount of the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses. The balance of the principal amount of the Series 2004 B 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.

WITNESS our respective signatures as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
\_\_\_\_\_  
Authorized Representative

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman

12/21/04  
788890.00002

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank  
as Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

Salt Rock Sewer Public Service District (the "Issuer") hereby delivers the following to you on this 29<sup>th</sup> day of December, 2004:

(1) Bond No. AR-1, constituting the entire original issue of the Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$11,068,062 (the "Series 2004 A Bonds"), dated December 29, 2004, executed by the Chairman and 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 December 27, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 27, 2004 (collectively, the "Resolution");

(2) Bond No. BR-1, constituting the entire original issue of the Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$7,500,000 (the "Series 2004 B Bonds"), dated December 29, 2004, executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Resolution;

(3) A copy of the Resolution authorizing the above-captioned Bonds (collectively, the "Bonds") duly certified by the Secretary of the Issuer;

(4) Executed counterparts of a bond purchase agreement for the Series 2004 A Bonds, dated December 16, 2004, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "SRF Agreement");

(5) Executed counterparts of a loan agreement for the Series 2004 B Bonds, dated December 29, 2004, by and between the Issuer and the Authority, on behalf of and the West Virginia Infrastructure and Jobs Development Council (the "Council Loan Agreement"); and

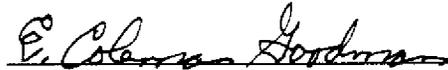
(6) An executed opinion of nationally recognized bond counsel regarding the validity of the SRF Agreement and the Council Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$553,403, representing a portion of the principal amount of the Series 2004 A Bonds, and the sum of \$908,027, representing a portion of the principal amount of the Series 2004 B Bonds.

Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

  
Chairman

12/21/04  
788890.00002

**SPECIMEN**

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 2004 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$11,068,062

KNOW ALL MEN BY THESE PRESENTS: That on this the 29th day of December, 2004, SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Cabell 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 ELEVEN MILLION SIXTY-EIGHT THOUSAND SIXTY-TWO DOLLARS (\$11,068,062), 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, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated December 16, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer,

the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 27, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 27, 2004 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 A, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,185,479 (THE "SERIES 1987 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$248,408 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,050,000 (THE "SERIES 2003 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$60,000 (THE "SERIES 2003 B BONDS"); AND

(5) SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 29, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,500,000 (THE "SERIES 2004 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 2003 A BONDS, THE SERIES 2003 B BONDS AND SERIES 2004 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 B, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$290,771 (THE "SERIES 1987 B BONDS"); AND

(2) SEWER REVENUE BONDS, SERIES 1990 B, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,592 (THE "SERIES 1990 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1987 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1990 B BONDS, THE SERIES 2003 A BONDS, THE SERIES 2003 B BONDS AND SERIES 2004 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of

the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2004 B Bonds; provided however, that so long as there exists in the Series 2004 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 or junior to the Bonds, including the Prior Bonds and the Series 2004 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

E. Coleman Goodman  
Chairman

ATTEST:

Geraldine Perry  
Secretary

**SPECIMEN**

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 29, 2004.

THE HUNTINGTON NATIONAL BANK,

as Registrar

**SPECIMEN**

Authorized Officer

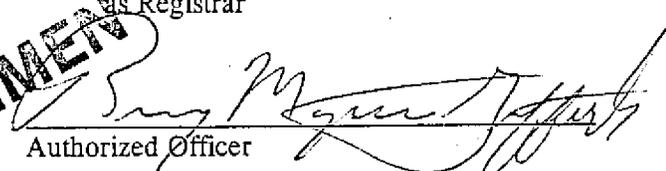




EXHIBIT B

**Debt Service Schedule**

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Total P+I</u>
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	72,340.28	-	72,340.28
03/01/2007	72,340.28	-	72,340.28
06/01/2007	72,340.28	-	72,340.28
09/01/2007	72,340.28	-	72,340.28
12/01/2007	72,340.28	-	72,340.28
03/01/2008	72,340.28	-	72,340.28
06/01/2008	72,340.28	-	72,340.28
09/01/2008	72,340.28	-	72,340.28
12/01/2008	72,340.28	-	72,340.28
03/01/2009	72,340.28	-	72,340.28
06/01/2009	72,340.28	-	72,340.28
09/01/2009	72,340.28	-	72,340.28
12/01/2009	72,340.28	-	72,340.28
03/01/2010	72,340.28	-	72,340.28
06/01/2010	72,340.28	-	72,340.28
09/01/2010	72,340.28	-	72,340.28
12/01/2010	72,340.28	-	72,340.28
03/01/2011	72,340.28	-	72,340.28
06/01/2011	72,340.28	-	72,340.28
09/01/2011	72,340.28	-	72,340.28
12/01/2011	72,340.28	-	72,340.28
03/01/2012	72,340.28	-	72,340.28
06/01/2012	72,340.28	-	72,340.28
09/01/2012	72,340.28	-	72,340.28
12/01/2012	72,340.28	-	72,340.28
03/01/2013	72,340.28	-	72,340.28
06/01/2013	72,340.28	-	72,340.28
09/01/2013	72,340.28	-	72,340.28
12/01/2013	72,340.28	-	72,340.28
03/01/2014	72,340.28	-	72,340.28
06/01/2014	72,340.28	-	72,340.28
09/01/2014	72,340.28	-	72,340.28
12/01/2014	72,340.28	-	72,340.28
03/01/2015	72,340.28	-	72,340.28
06/01/2015	72,340.28	-	72,340.28
09/01/2015	72,340.28	-	72,340.28
12/01/2015	72,340.28	-	72,340.28

Date	Principal	Coupon	Total P+I
03/01/2016	72,340.28	-	72,340.28
06/01/2016	72,340.28	-	72,340.28
09/01/2016	72,340.28	-	72,340.28
12/01/2016	72,340.28	-	72,340.28
03/01/2017	72,340.28	-	72,340.28
06/01/2017	72,340.28	-	72,340.28
09/01/2017	72,340.28	-	72,340.28
12/01/2017	72,340.28	-	72,340.28
03/01/2018	72,340.28	-	72,340.28
06/01/2018	72,340.28	-	72,340.28
09/01/2018	72,340.28	-	72,340.28
12/01/2018	72,340.28	-	72,340.28
03/01/2019	72,340.28	-	72,340.28
06/01/2019	72,340.28	-	72,340.28
09/01/2019	72,340.28	-	72,340.28
12/01/2019	72,340.28	-	72,340.28
03/01/2020	72,340.28	-	72,340.28
06/01/2020	72,340.28	-	72,340.28
09/01/2020	72,340.28	-	72,340.28
12/01/2020	72,340.28	-	72,340.28
03/01/2021	72,340.28	-	72,340.28
06/01/2021	72,340.28	-	72,340.28
09/01/2021	72,340.28	-	72,340.28
12/01/2021	72,340.28	-	72,340.28
03/01/2022	72,340.28	-	72,340.28
06/01/2022	72,340.28	-	72,340.28
09/01/2022	72,340.28	-	72,340.28
12/01/2022	72,340.28	-	72,340.28
03/01/2023	72,340.28	-	72,340.28
06/01/2023	72,340.28	-	72,340.28
09/01/2023	72,340.28	-	72,340.28
12/01/2023	72,340.28	-	72,340.28
03/01/2024	72,340.27	-	72,340.27
06/01/2024	72,340.27	-	72,340.27
09/01/2024	72,340.27	-	72,340.27
12/01/2024	72,340.27	-	72,340.27
03/01/2025	72,340.27	-	72,340.27
06/01/2025	72,340.27	-	72,340.27
09/01/2025	72,340.27	-	72,340.27
12/01/2025	72,340.27	-	72,340.27
03/01/2026	72,340.27	-	72,340.27
06/01/2026	72,340.27	-	72,340.27
09/01/2026	72,340.27	-	72,340.27
12/01/2026	72,340.27	-	72,340.27

Date	Principal	Coupon	Total P+I
03/01/2027	72,340.27	-	72,340.27
06/01/2027	72,340.27	-	72,340.27
09/01/2027	72,340.27	-	72,340.27
12/01/2027	72,340.27	-	72,340.27
03/01/2028	72,340.27	-	72,340.27
06/01/2028	72,340.27	-	72,340.27
09/01/2028	72,340.27	-	72,340.27
12/01/2028	72,340.27	-	72,340.27
03/01/2029	72,340.27	-	72,340.27
06/01/2029	72,340.27	-	72,340.27
09/01/2029	72,340.27	-	72,340.27
12/01/2029	72,340.27	-	72,340.27
03/01/2030	72,340.27	-	72,340.27
06/01/2030	72,340.27	-	72,340.27
09/01/2030	72,340.27	-	72,340.27
12/01/2030	72,340.27	-	72,340.27
03/01/2031	72,340.27	-	72,340.27
06/01/2031	72,340.27	-	72,340.27
09/01/2031	72,340.27	-	72,340.27
12/01/2031	72,340.27	-	72,340.27
03/01/2032	72,340.27	-	72,340.27
06/01/2032	72,340.27	-	72,340.27
09/01/2032	72,340.27	-	72,340.27
12/01/2032	72,340.27	-	72,340.27
03/01/2033	72,340.27	-	72,340.27
06/01/2033	72,340.27	-	72,340.27
09/01/2033	72,340.27	-	72,340.27
12/01/2033	72,340.27	-	72,340.27
03/01/2034	72,340.27	-	72,340.27
06/01/2034	72,340.27	-	72,340.27
09/01/2034	72,340.27	-	72,340.27
12/01/2034	72,340.27	-	72,340.27
03/01/2035	72,340.27	-	72,340.27
06/01/2035	72,340.27	-	72,340.27
09/01/2035	72,340.27	-	72,340.27
12/01/2035	72,340.27	-	72,340.27
03/01/2036	72,340.27	-	72,340.27
06/01/2036	72,340.27	-	72,340.27
09/01/2036	72,340.27	-	72,340.27
12/01/2036	72,340.27	-	72,340.27
03/01/2037	72,340.27	-	72,340.27
06/01/2037	72,340.27	-	72,340.27
09/01/2037	72,340.27	-	72,340.27
12/01/2037	72,340.27	-	72,340.27

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
03/01/2038	72,340.27	-	72,340.27
06/01/2038	72,340.27	-	72,340.27
09/01/2038	72,340.27	-	72,340.27
12/01/2038	72,340.27	-	72,340.27
03/01/2039	72,340.27	-	72,340.27
06/01/2039	72,340.27	-	72,340.27
09/01/2039	72,340.27	-	72,340.27
12/01/2039	72,340.27	-	72,340.27
03/01/2040	72,340.27	-	72,340.27
06/01/2040	72,340.27	-	72,340.27
09/01/2040	72,340.27	-	72,340.27
12/01/2040	72,340.27	-	72,340.27
03/01/2041	72,340.27	-	72,340.27
06/01/2041	72,340.27	-	72,340.27
09/01/2041	72,340.27	-	72,340.27
12/01/2041	72,340.27	-	72,340.27
03/01/2042	72,340.27	-	72,340.27
06/01/2042	72,340.27	-	72,340.27
09/01/2042	72,340.27	-	72,340.27
12/01/2042	72,340.27	-	72,340.27
03/01/2043	72,340.27	-	72,340.27
06/01/2043	72,340.27	-	72,340.27
09/01/2043	72,340.27	-	72,340.27
12/01/2043	72,340.27	-	72,340.27
03/01/2044	72,340.27	-	72,340.27
06/01/2044	72,340.27	-	72,340.27
09/01/2044	72,340.27	-	72,340.27
12/01/2044	72,340.27	-	72,340.27
<b>Total</b>	<b>\$11,068,062.00</b>	<b>-</b>	<b>\$11,068,062.00</b>

\*Plus \$6,962.76 one-half percent administrative fee paid quarterly. Total fee over life of loan is \$1,065,302.28.

(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: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

**SPECIMEN**

In the presence of:

\_\_\_\_\_

**SPECIMEN**

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2004 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$7,500,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 29th day of December, 2004, SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia in Cabell 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 SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, 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 between the Issuer and the Authority, on behalf of the Council, dated December 29, 2004.

This Bond is issued (i) to pay in full the outstanding principal of, interest on, if any, and administrative fee, if any, for the Sewerage System Design Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewerage System Design Revenue Bonds, Series 2003 C (West Virginia Infrastructure Fund) (collectively, the "Design Bonds"); (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority

of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 27, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 27, 2004 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 A, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,185,479 (THE "SERIES 1987 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$248,408 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,050,000 (THE "SERIES 2003 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$60,000 (THE "SERIES 2003 B BONDS"); AND

(5) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,068,062 (THE "SERIES 2004 A BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 2003 A BONDS, THE SERIES 2003 B BONDS AND SERIES 2004 A ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 B, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$290,771 (THE "SERIES 1987 B BONDS"); AND

(2) SEWER REVENUE BONDS, SERIES 1990 B, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,592 (THE "SERIES 1990 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1987 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1990 B BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in

the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

**SPECIMEN**

E. Coleman Goodson  
Chairman

ATTEST:

Geraldine Perry  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 29, 2004.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

**SPECIMEN**

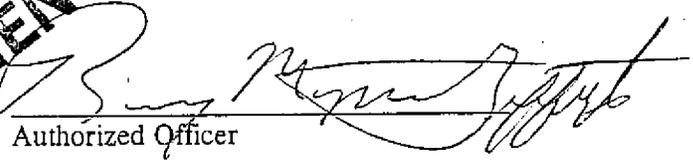
  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$908,027	December 29, 2004	(18) \$	
(2) \$		(19) \$	
(3) \$		(20) \$	
(4) \$		(21) \$	
(5) \$		(22) \$	
(6) \$		(23) \$	
(7) \$		(24) \$	
(8) \$		(25) \$	
(9) \$		(26) \$	
(10) \$		(27) \$	
(11) \$		(28) \$	
(12) \$		(29) \$	
(13) \$		(30) \$	
(14) \$		(31) \$	
(15) \$		(32) \$	
(16) \$		(33) \$	
(17) \$		(34) \$	
		(35) \$	
	TOTAL	\$	

## EXHIBIT D

DEBT SERVICE SCHEDULE

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Total P+I</u>
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	49,019.61	-	49,019.61
03/01/2007	49,019.61	-	49,019.61
06/01/2007	49,019.61	-	49,019.61
09/01/2007	49,019.61	-	49,019.61
12/01/2007	49,019.61	-	49,019.61
03/01/2008	49,019.61	-	49,019.61
06/01/2008	49,019.61	-	49,019.61
09/01/2008	49,019.61	-	49,019.61
12/01/2008	49,019.61	-	49,019.61
03/01/2009	49,019.61	-	49,019.61
06/01/2009	49,019.61	-	49,019.61
09/01/2009	49,019.61	-	49,019.61
12/01/2009	49,019.61	-	49,019.61
03/01/2010	49,019.61	-	49,019.61
06/01/2010	49,019.61	-	49,019.61
09/01/2010	49,019.61	-	49,019.61
12/01/2010	49,019.61	-	49,019.61
03/01/2011	49,019.61	-	49,019.61
06/01/2011	49,019.61	-	49,019.61
09/01/2011	49,019.61	-	49,019.61
12/01/2011	49,019.61	-	49,019.61
03/01/2012	49,019.61	-	49,019.61
06/01/2012	49,019.61	-	49,019.61
09/01/2012	49,019.61	-	49,019.61
12/01/2012	49,019.61	-	49,019.61
03/01/2013	49,019.61	-	49,019.61
06/01/2013	49,019.61	-	49,019.61
09/01/2013	49,019.61	-	49,019.61
12/01/2013	49,019.61	-	49,019.61
03/01/2014	49,019.61	-	49,019.61
06/01/2014	49,019.61	-	49,019.61
09/01/2014	49,019.61	-	49,019.61
12/01/2014	49,019.61	-	49,019.61
03/01/2015	49,019.61	-	49,019.61
06/01/2015	49,019.61	-	49,019.61
09/01/2015	49,019.61	-	49,019.61
12/01/2015	49,019.61	-	49,019.61

Date	Principal	Coupon	Total P+I
03/01/2016	49,019.61	-	49,019.61
06/01/2016	49,019.61	-	49,019.61
09/01/2016	49,019.61	-	49,019.61
12/01/2016	49,019.61	-	49,019.61
03/01/2017	49,019.61	-	49,019.61
06/01/2017	49,019.61	-	49,019.61
09/01/2017	49,019.61	-	49,019.61
12/01/2017	49,019.61	-	49,019.61
03/01/2018	49,019.61	-	49,019.61
06/01/2018	49,019.61	-	49,019.61
09/01/2018	49,019.61	-	49,019.61
12/01/2018	49,019.61	-	49,019.61
03/01/2019	49,019.61	-	49,019.61
06/01/2019	49,019.61	-	49,019.61
09/01/2019	49,019.61	-	49,019.61
12/01/2019	49,019.61	-	49,019.61
03/01/2020	49,019.61	-	49,019.61
06/01/2020	49,019.61	-	49,019.61
09/01/2020	49,019.61	-	49,019.61
12/01/2020	49,019.61	-	49,019.61
03/01/2021	49,019.61	-	49,019.61
06/01/2021	49,019.61	-	49,019.61
09/01/2021	49,019.61	-	49,019.61
12/01/2021	49,019.61	-	49,019.61
03/01/2022	49,019.61	-	49,019.61
06/01/2022	49,019.61	-	49,019.61
09/01/2022	49,019.61	-	49,019.61
12/01/2022	49,019.61	-	49,019.61
03/01/2023	49,019.61	-	49,019.61
06/01/2023	49,019.61	-	49,019.61
09/01/2023	49,019.61	-	49,019.61
12/01/2023	49,019.61	-	49,019.61
03/01/2024	49,019.61	-	49,019.61
06/01/2024	49,019.61	-	49,019.61
09/01/2024	49,019.61	-	49,019.61
12/01/2024	49,019.61	-	49,019.61
03/01/2025	49,019.61	-	49,019.61
06/01/2025	49,019.61	-	49,019.61
09/01/2025	49,019.61	-	49,019.61
12/01/2025	49,019.61	-	49,019.61
03/01/2026	49,019.61	-	49,019.61
06/01/2026	49,019.61	-	49,019.61
09/01/2026	49,019.61	-	49,019.61
12/01/2026	49,019.61	-	49,019.61

Date	Principal	Coupon	Total P+I
03/01/2027	49,019.61	-	49,019.61
06/01/2027	49,019.61	-	49,019.61
09/01/2027	49,019.61	-	49,019.61
12/01/2027	49,019.61	-	49,019.61
03/01/2028	49,019.61	-	49,019.61
06/01/2028	49,019.61	-	49,019.61
09/01/2028	49,019.61	-	49,019.61
12/01/2028	49,019.61	-	49,019.61
03/01/2029	49,019.61	-	49,019.61
06/01/2029	49,019.61	-	49,019.61
09/01/2029	49,019.61	-	49,019.61
12/01/2029	49,019.61	-	49,019.61
03/01/2030	49,019.61	-	49,019.61
06/01/2030	49,019.61	-	49,019.61
09/01/2030	49,019.61	-	49,019.61
12/01/2030	49,019.61	-	49,019.61
03/01/2031	49,019.61	-	49,019.61
06/01/2031	49,019.61	-	49,019.61
09/01/2031	49,019.61	-	49,019.61
12/01/2031	49,019.61	-	49,019.61
03/01/2032	49,019.61	-	49,019.61
06/01/2032	49,019.61	-	49,019.61
09/01/2032	49,019.61	-	49,019.61
12/01/2032	49,019.61	-	49,019.61
03/01/2033	49,019.61	-	49,019.61
06/01/2033	49,019.61	-	49,019.61
09/01/2033	49,019.61	-	49,019.61
12/01/2033	49,019.61	-	49,019.61
03/01/2034	49,019.61	-	49,019.61
06/01/2034	49,019.61	-	49,019.61
09/01/2034	49,019.61	-	49,019.61
12/01/2034	49,019.61	-	49,019.61
03/01/2035	49,019.61	-	49,019.61
06/01/2035	49,019.61	-	49,019.61
09/01/2035	49,019.61	-	49,019.61
12/01/2035	49,019.61	-	49,019.61
03/01/2036	49,019.61	-	49,019.61
06/01/2036	49,019.61	-	49,019.61
09/01/2036	49,019.61	-	49,019.61
12/01/2036	49,019.60	-	49,019.60
03/01/2037	49,019.60	-	49,019.60
06/01/2037	49,019.60	-	49,019.60
09/01/2037	49,019.60	-	49,019.60
12/01/2037	49,019.60	-	49,019.60

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
03/01/2038	49,019.60	-	49,019.60
06/01/2038	49,019.60	-	49,019.60
09/01/2038	49,019.60	-	49,019.60
12/01/2038	49,019.60	-	49,019.60
03/01/2039	49,019.60	-	49,019.60
06/01/2039	49,019.60	-	49,019.60
09/01/2039	49,019.60	-	49,019.60
12/01/2039	49,019.60	-	49,019.60
03/01/2040	49,019.60	-	49,019.60
06/01/2040	49,019.60	-	49,019.60
09/01/2040	49,019.60	-	49,019.60
12/01/2040	49,019.60	-	49,019.60
03/01/2041	49,019.60	-	49,019.60
06/01/2041	49,019.60	-	49,019.60
09/01/2041	49,019.60	-	49,019.60
12/01/2041	49,019.60	-	49,019.60
03/01/2042	49,019.60	-	49,019.60
06/01/2042	49,019.60	-	49,019.60
09/01/2042	49,019.60	-	49,019.60
12/01/2042	49,019.60	-	49,019.60
03/01/2043	49,019.60	-	49,019.60
06/01/2043	49,019.60	-	49,019.60
09/01/2043	49,019.60	-	49,019.60
12/01/2043	49,019.60	-	49,019.60
03/01/2044	49,019.60	-	49,019.60
06/01/2044	49,019.60	-	49,019.60
09/01/2044	49,019.60	-	49,019.60
12/01/2044	49,019.60	-	49,019.60
<b>Total</b>	<b>\$7,500,000.00</b>	<b>-</b>	<b>\$7,500,000.0</b>

(Form of)  
ASSIGNMENT

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

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

In the presence of:

**SPECIMEN**

\_\_\_\_\_  
12/23/04  
788890.00002

December 29, 2004

Salt Rock Sewer Public Service District  
Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program)

Salt Rock Sewer Public Service District  
Ona, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of  
Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Sewer 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 \$11,068,062 Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a bond purchase agreement dated December 16, 2004, including all schedules and exhibits attached thereto (the "SRF Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the SRF Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest and an Administrative Fee of .5%. The principal is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing December 1, 2044, all as set forth in "Schedule Y" attached to the SRF Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 27, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 27, 2004 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the SRF 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 Resolution and the SRF Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the SRF 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 Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The SRF 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 DEP and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's First Lien Bonds and the Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), issued contemporaneously herewith, and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the SRF Agreement and the Resolution, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement 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,

A handwritten signature in cursive script, appearing to read "Steptoe & Johnson PLLC", is written over the typed name of the firm.

STEPTOE & JOHNSON PLLC

December 29, 2004

Salt Rock Sewer Public Service District  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

Salt Rock Sewer Public Service District  
Ona, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Sewer 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 \$7,500,000 Sewer Revenue Bonds, Series 2004 B (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 December 29, 2004, including all schedules and exhibits attached thereto (the "Council 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 Council Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest. The principal is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing December 1, 2044, all as set forth in "Schedule Y" attached to the Council Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) paying the outstanding principal of, interest, if any, on and administrative fee, if any for, the Issuer's Sewerage System Design Revenue Bonds, Series 1998 A (West Virginia SRF Program) (the "Series 1998 A Bonds") and Sewerage System Design

Revenue Bonds, Series 2003 C (the "Series 2003 C Bonds"); and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 27, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 27, 2004 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Council 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 Resolution and the Council Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Council 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 Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Council 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 cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's First Lien Bonds and the Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), issued contemporaneously herewith, and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

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

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from 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.

7. The Series 1998 A Bonds and the Series 2003 C Bonds have been paid in full within the meaning and with the effect expressed in the resolutions authorizing such Bonds, and the covenants, agreements and other obligations of the Issuer to the owners of such Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the owners of such Bonds that they have received payment for the entire outstanding principal of such Bonds and all interest accrued thereon on the date hereof and that such Bonds 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 Council Loan Agreement and the Resolution, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Steptoe & Johnson PLLC", is written over a horizontal line.

STEPTOE & JOHNSON PLLC

# H. Wyatt Hanna, III

ATTORNEY AT LAW

---

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303  
(304) 744-3150 • FAX (304) 744-3157

---

December 29, 2004

Salt Rock Sewer PSD  
Ona, West Virginia

WV Water Development Authority  
Charleston, West Virginia

WV Department of Environmental Protection  
Charleston, West Virginia

WV Infrastructure & Jobs Development Council  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

RE: Salt Rock Sewer Public Service District  
Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

I am counsel to Salt Rock Sewer Public Service District, a public service district, in Cabell County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement for the Series 2004 A Bonds dated December 16, 2004, including all schedules and exhibits attached thereto, by and among the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") and the Issuer, a loan agreement for the Series 2004 B Bonds dated December 29, 2004, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements"), the Bond Resolution duly adopted by the Issuer on December 27, 2004, as supplemented by the Supplemental Resolution duly adopted by the Issuer on December 27, 2004 (collectively, the "Resolution"), orders of The County Commission of Cabell County, West Virginia, 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 (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreements when used herein.

I am of the opinion that:

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

2. 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.

3. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer, enforceable in accordance with their terms.

4. The Resolution 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 Agreements and the consummation of the transactions contemplated by the Bonds, the Loan Agreements and the Resolution, 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 orders and approvals from the Public Service Commission of West Virginia, including the Commission Orders dated March 26, 2003, June 24, 2003, and December 17, 2004, in Case No. 02-0688-PSD-S-CN (Reopened), granting the Issuer a certificate of public convenience and necessity for the Project, approving the rates for the System, and approving the financing for the project. The time for appeal of the Commission Orders entered on March 26, 2003, and June 24, 2003, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the Order dated December 17, 2004, has not expired on the date hereof. The Issuer and other parties to such Order have stated that they do not intend to appeal such Order.

Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to such Order. All such Orders remain in full force and effect.

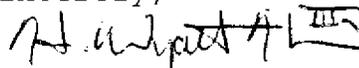
7. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Cabell County, the West Virginia Department of Environmental Protection, the Council, and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including the adoption of a resolution prescribing such rates and charges.

8. 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 Agreements, the Resolution, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

9. I have ascertained that all successful bidders have made the required provisions for all insurance and payment and performance bonds and verified such insurance policies and 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 Agreements; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,



H. Wyatt Hanna, III

# H. Wyatt Hanna, III

ATTORNEY AT LAW

---

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303  
(304) 744-3150 • FAX (304) 744-3157

December 29, 2004

Salt Rock Sewer Public Service District  
Ona, West Virginia

WV Department of Environmental Protection  
601 57th Street  
Charleston, WV 25304

WV Infrastructure & Jobs Development Council  
300 Summers Street, Suite 980  
Charleston, WV 25301

WV Water Development Authority  
180 Association Drive  
Charleston, WV 25311

Steptoe & Johnson PLLC  
P.O. Box 1588  
Charleston, WV 25326

RE: Final Title Opinion for Salt Rock Sewer PSD

Ladies and Gentlemen:

I am counsel to the Salt Rock Sewer Public Service District (the "Issuer") in connection with a proposed project to construct a regional sanitary sewer collection and treatment facilities system (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") and the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. I am of the opinion that 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 DEP and the Council.

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 Dunn Engineers, Inc., of Charleston, West Virginia, 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 Cabell 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, with the exception of those listed in Paragraph 5 and 6 herein, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Cabell County, West Virginia, to permit the Issuer a right of entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to said pending litigation involving the following individuals:

- A. Franklin and Pauline Adkins  
Tax Map 19, Parcel 4  
Deed Book 965, at Page 421
- B. Walter and Tressie Patterson  
Tax Map 18, Parcel 100  
Deed Book 837, at Page 93
- C. Rick L. Chapman, et al.  
Tax Map 9, Parcel 165.1  
Deed Book 978, at Page 299

6. The Issuer has obtained options to purchase certain property interests from the owners listed below which, when exercised, will provide the Issuer with legal title or such 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. The properties and owners are as follows:

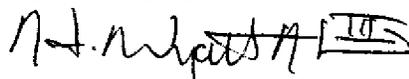
- A. Lewis E. and Mildred M. Caldwell  
Tax Map 18, Parcel 95  
Deed Book 972, at Page 276  
Lowers Fudges Creek Pump Station
- B. Raymond L. and Sharon F. Lucas  
Tax Map 18, Parcel 103  
Deed Book 861, at Page 493  
Middle Fudges Creek Pump Station
- C. Jack L. and Avona K. Midkiff  
Tax Map 18, Parcel 116  
Deed Book 588, at Page 474  
Black Pump Station
- D. Jack L. and Avona K. Midkiff  
Tax Map 23, Parcel 44  
Deed Book 803, at Page 270  
Upper Fudges Creek Pump Station
- E. Carl Grover  
Tax Map 10, Parcel 23.1  
Deed Book 990, at Page 657  
Ona West Industrial Park Pump Station
- F. Sherry A. Chapman  
Tax Map 10, at Parcel 26  
Deed Book 889, at Page 463  
Boyer Pump Station
- G. Donnie L. and Lilia L. Brotherton  
Tax Map 9, Parcel 140  
Deed Book 840, at Page 205  
Brotherton Pump Station

- H. Forrest Rex Donahue  
Tax Map 9, Parcel 80.2  
Deed Book 759, at Page 198  
Blue Sulphur Pump Station (Hurricane Plaza)
- I. David P. and Nancy K. Setzer  
Tax Map 9, Parcel 84.3  
Deed Book 882, at Page 360  
Lower Indian Meadows Pump Station
- J. David P. and Nancy K. Setzer  
Tax Map 9, Parcel 84.4  
Deed Book 882, at Page 360  
Upper Indian Meadows Pump Station
- K. David P. and Nancy K. Setzer  
Tax Map 9c, Parcel 2  
Deed Book 1044, at Page 381  
Indian Meadows Interstate Pump Station
- L. Pat Glenn  
Tax Map 9, Parcel 163.1  
Deed Book 863, at Page 343  
Cyrus Creek Pump Station
- M. William R. and Teresa M. Maxey  
Tax Map 19, Parcel 28.2  
Deed Book 1023, at Page 301  
Foxfire Pump Station
- N. Blenko Glass Company  
Tax Map 20, Parcel 4  
Deed Book 391, at Page 400  
Milton Pump Station
- O. Larry J. and Wanda L. King  
Tax Map 13, at Parcel 16  
Deed Book 724, at Page 112  
Yates Crossing Pump Station
- P. Barboursville Housing Association  
RJL Management Company  
Tax Map 9, Parcel 238  
Deed Book 868, at Page 297
- Q. Mayford Witt  
Indian Meadows Subdivision  
Cabell Utilities, Inc.

Final Title Opinion  
Page 5  
December 29, 2004

7. 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 Cabell County to protect the legal title to and interest of the Issuer.

Very truly yours,

A handwritten signature in cursive script, appearing to read "H. Wyatt Hanna, III". The signature is written in dark ink and is positioned above the typed name.

H. Wyatt Hanna, III

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(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; GRANT
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Salt Rock Sewer Public Service District in Cabell County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify, as of the 29<sup>th</sup> day of December, 2004, in connection with the Issuer's Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), all dated the date hereof (collectively, the "Bonds" or individually, the "Series 2004 A Bonds" and the "Series 2004 B 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 December 27, 2004, and a Supplemental Resolution of the Issuer duly adopted December 27, 2004 (collectively, the "Bond Legislation"), when used herein.

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 design, 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 monies 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 design, acquisition and construction of the Project, the operation of the System, the pledge or application of monies 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, licenses, orders and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Bonds as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewer Revenue Bonds, Series 1987 A, dated April 15, 1987, issued in the original aggregate principal amount of \$1,185,479 (the "Series 1987 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1987 B, dated April 15, 1987, issued in the original aggregate principal amount of \$290,771 (the "Series 1987 B Bonds")	Second Lien
Sewer Revenue Bonds, Series 1990 A, dated March 2, 1990, issued in the original aggregate principal amount of \$248,408 (the "Series 1990 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1990 B, dated March 2, 1990, issued in the original aggregate principal amount of \$11,592 (the "Series 1990 B Bonds")	Second Lien
Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated July 31, 2003, issued in the original aggregate principal amount of \$2,050,000 (the "Series 2003 A Bonds")	First Lien
Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), dated July 31, 2003, issued in the original aggregate principal amount of \$60,000 (the "Series 2003 B Bonds")	First Lien

The Series 1987 A Bonds, the Series 1990 A Bonds, the Series 2003 A Bonds and the Series 2003 B Bonds are hereinafter collectively called the First Lien Bonds; the Series 1987 B Bonds and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds". The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity

requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met. The Issuer has obtained the written consent of the Holders of the First Lien Bonds to the issuance of the Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds to the issuance of the Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Resolution

Supplemental Resolution

Series 2004 A Bond Purchase Agreement

Series 2004 B Bonds Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Prefiling Notice

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

1987, 1990 & 2003 Bond Resolutions and Supplemental Resolutions

Consent of West Virginia Water Development Authority

Infrastructure Council Grant Agreement

Evidence of Insurance

Receipt for Payment of Series 1998 Bonds

Receipt for Payment of Series 2003 C Bonds

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Coleman Goodman	October 1, 2000	September 30, 2006
Raymond Jordan	March 4, 2003	August 31, 2008
Geraldine Perry	October 21, 2004	September 30, 2010

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 2004 are as follows:

Chairman	-	Coleman Goodman
Secretary	-	Geraldine Perry
Treasurer	-	Raymond Jordan

The duly appointed and acting counsel to the Issuer is H. Wyatt Hanna, Esquire, South Charleston, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or

exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, 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 and the Loan Agreements. All insurance for the System required by the Bond Legislation and the Loan Agreements is in full force and effect.

10. LOAN AGREEMENTS: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do 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 Agreements 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 Agreements not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreements.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on December 17, 2004, in Case No.02-0688-PSD-S-CN, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the Order entered December 17, 2004, 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. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to such Order. Such Order remains in full force and effect.

12. **PUBLIC SERVICE COMMISSION ORDERS:** The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on March 26, 2003, June 24, 2003 and December 17, 2004 in Case No. 02-0688-PSD-S-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Orders entered on March 26, 2003 and June 24, 2003 has expired prior to the date hereof without any appeal. The time for appeal of the Order of December 17, 2004 has not expired on that 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. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to such Order. Such 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 for each series, numbered AR-1 and BR-1, respectively, 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 the 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 Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS; GRANT:** On the date hereof, the Issuer received (a) \$553,403 from the DEP and the Authority, being a portion of the principal amount of the Series 2004 A Bonds; and (b) \$1,231,400 from the Council and the Authority, being a portion of the principal amount of the Series 2004 B Bonds. The balance of the principal amounts of the Series 2004 A Bonds and the Series 2004 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses. As of the date hereof, the grant from the Council in the amount of \$1,370,000 is in full force and effect and committed for the Project.

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

16. **SPECIMEN BONDS:** Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. **CONFLICT OF INTEREST:** No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the 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.

18. **CLEAN WATER ACT:** The Project as described in the Bond Legislation complies with Sections 208 and 303(e) of the Clean Water Act.

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

20. **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 SALT ROCK SEWER  
PUBLIC SERVICE DISTRICT as of the day and year first written above.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
<u>E. Coleman Goodman</u>	Chairman
<u>Geraldine Perry</u>	Secretary
<u>H. A. J. [unclear]</u>	Counsel to Issuer

11/18/04  
788890.00002

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

ENGINEER'S CERTIFICATE

I, F. Wayne Hypes, Registered Professional Engineer, West Virginia License No. 10949, of Dunn Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewerage system (the "System") of Salt Rock Sewer Public Service District (the "Issuer"), to be constructed primarily in Cabell County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on December 27, 2004, the Bond Purchase Agreement for the Series 2004 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated December 16, 2004 and the Loan Agreement for the Series 2004 B Bonds, by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated December 29, 2004 (collectively, the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) pay in full the outstanding principal, interest and administrative fee, if any, for the Issuer's Series 1998 Bonds and the Series 2003 C Bonds; and (iii) paying costs of issuance 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 DEP and any change orders approved by the Issuer, the DEP, 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 A attached hereto as Exhibit A and in reliance upon the opinion of Issuer's counsel, H. Wyatt Hanna, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP 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 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 the Issuer's certified public accountant, Michael D. Griffith, CPA, of even date herewith, 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 monies 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 DEP and 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 29<sup>th</sup> day of December, 2004.



DUNN ENGINEERS, INC.

A handwritten signature in black ink, appearing to read "F. Wayne Hypes", written over a horizontal line.

F. Wayne Hypes, P.E.  
West Virginia License No. 10949

11/18/04  
788890.00002

A. COST OF PROJECT	TOTAL	IJDC Loan / Grant	CWSRF Loan
1 Construction			
Contract 1    WWTP	6,101,000.00	5,820,597.13	280,402.87
Contract 2    Upton Construction	1,678,890.00		1,678,890.00
Contract 3    Rover Construction	2,218,881.00		2,218,881.00
Contract 4    Bill Enyart & Sons	1,394,720.00		1,394,720.00
Contract 5    Pipe Plus	4,664,244.00	1,615,628.00	3,048,616.00
Aid to City of Milton	323,373.00	323,373.00	
2 Technical Services - DUNN			
Design			
a. Design loan	606,597.12	606,597.12	
b. IJDC design loan	193,304.75	193,304.75	
c. Design			
Construction phase	1,618,500.00		1,618,500.00
3 Legal & Fiscal			
a. Legal    Hanna	20,000.00	20,000.00	
b. Accounting (Griffith)	40,000.00	40,000.00	
4 Administrative Region II	80,000.00	80,000.00	
5 Sites & Other Lands			
a. Land acquisition / ROW	135,000.00	135,000.00	
7 Contingency ( 5.0 %)	802,552.13		802,552.13
8 TOTAL of Lines 1 through 7	19,877,062.00	8,834,500.00	11,042,562.00
B. COST OF FINANCING			
9 Funded Reserve	0.00		
10 Other Costs			
a. Registrar fees	1,000.00	500.00	500.00
b. Bond Counsel	60,000.00	35,000.00	25,000.00
11 Cost of Issuance (lines 9 through 10)	61,000.00	35,500.00	25,500.00
12 Total Cost of Project (line 8 plus line 11)	19,938,062.00	8,870,000.00	11,068,062.00
C. SOURCES OF FUNDS			
13 Federal Grants			
14 State Grants (IJDC)	920,000.00	920,000.00	
15 Other Grants (IJDC)	450,000.00	450,000.00	
16 Any Other Source			
17 TOTAL Lines 11 through 15	1,370,000.00	1,370,000.00	0.00
18 Net Proceeds from Bond Issue	18,568,062.00	7,500,000.00	11,068,062.00

*E. Coleman Goodman*  
Salt Rock Public Service Sewer District

*F. Wayne Duff*  
Dunn Engineers



*Griffith & Associates*

*Certified Public Accountants & Consultants*

---

December 29, 2004

Salt Rock Sewer Public Service District  
Sewer Revenue Bonds, Series 2004 A  
(West Virginia SFR Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

Salt Rock Sewer Public Service District  
Ona, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

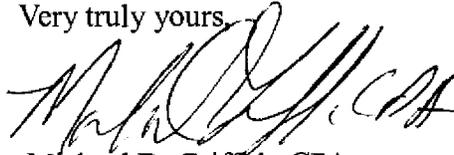
West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia entered December 17, 2004, in Case No. 02-0688-PSD-S-CN and projected operating expenses and anticipated customer usage as furnished to me by Salt Rock Sewer Public Service District (the "Issuer"), it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all operating 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 Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with or junior to the Bonds, including the Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer adopted December 27, 2004, authorizing the Bonds.

It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael D. Griffith, CPA". The signature is fluid and cursive, with the letters "M", "D", and "G" being particularly prominent and stylized.

Michael D. Griffith, CPA

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, 2004 B  
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On December 29, 2004, the undersigned Chairman of the Public Service Board of Salt Rock Sewer Public Service District in Cabell County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$11,068,062 Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program) (the "Series 2004 A Bonds") and \$7,500,000 Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (the "Series 2004 B Bonds" and, collectively with the Series 2004 A Bonds, the "Series 2004 Bonds" or the "Bonds"), of the Issuer, dated December 29, 2004, hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on December 27, 2004 (the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 29, 2004, the date on which the Series 2004 A Bonds are being physically delivered in exchange for an initial advance of \$553,403, being a portion of the principal amount of the Series 2004 A Bonds and the Series 2004 B Bonds are being physically delivered in exchange for an initial advance of \$908,027, being a portion of the principal amount of the Series 2004 B 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 the 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"), the West Virginia Department of Environmental Protection (the "DEP") 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. A. The Series 2004 A Bonds were sold on December 29, 2004, to the Authority, pursuant to a bond purchase agreement dated December 16, 2004, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of \$11,068,062 (100% of par), at which time, the Issuer received \$553,403, being the first advance of the principal amount of the Series 2004 A Bonds. No accrued interest has been or will be paid on the Series 2004 A Bonds. The balance of the principal amount of the Series 2004 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

B. The Series 2004 B Bonds were sold on December 29, 2004, to the Authority, pursuant to a loan agreement dated December 29, 2004, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$7,500,000 (100% of par), at which time, the Issuer received \$908,027, being the first advance of the principal amount of the Series 2004 B Bonds. No accrued interest has or will be paid on the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. A. The Series 2004 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project") and (ii) paying certain costs of issuance of the Bonds and related costs.

B. The Series 2004 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of: (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) paying in full the outstanding principal of, interest, if any, on and administrative fee, if any, for the Issuer's Sewerage System Design Revenue Bonds, Series 1998 A (West Virginia SRF Program) (the "Series 1998 A Bonds") and Sewerage System Design Revenue Bonds, Series 2003 C (West Virginia Infrastructure Fund) (the "Series 2003 C Bonds"); 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 to

expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in any Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December 1, 2006. The acquisition and construction of the Project is expected to be completed by September 1, 2006.

8. The total cost of the Project is estimated at \$19,938,062. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2004 A Bonds	\$11,068,062.00
Gross Proceeds of the Series 2004 B Bonds	\$ 7,500,000.00
Grant from the Council	<u>\$ 1,370,000.00</u>
 Total Sources	 <u>\$19,938,062.00</u>

USES

Acquisition and Construction of Project	\$ 19,077,160.13
Payment of Series 1998 A Bonds	\$ 606,597.12
Payment of Series 2003 C Bonds	\$ 193,304.75
Costs of Issuance	<u>\$ 61,000.00</u>
 Total Uses	 <u>\$19,938,062.00</u>

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2004 Bonds:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions);
- (3) Series 2004 A Bonds Construction Trust Fund;
- (4) Series 2004 A Bonds Sinking Fund;
- (5) Series 2004 A Bonds Reserve Account;
- (6) Series 2004 B Bonds Construction Trust Fund;

- (7) Series 2004 B Bonds Sinking Fund; and
- (8) Series 2004 B Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution: (i) the proceeds of the Series 2004 A Bonds will be deposited in the Series 2004 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2004 A Bonds and related costs; and (ii) the proceeds of the Series 2004 B Bonds will be used to pay off the Series 1998 A Bonds and the Series 2003 C Bonds and thereafter, deposited in the Series 2004 B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2004 B Bonds and related costs.

11. A. Monies held in the Series 2004 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2004 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2004 A Bonds Sinking Fund and Series 2004 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2004 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.

B. Monies held in the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2004 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2004 B Bonds Sinking Fund and Series 2004 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2004 B 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 21 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 2004 A Bonds Sinking Fund or Series 2004 B Bonds Sinking Fund for payment of interest, if any, on the Series 2004 A Bonds or Series 2004 B Bonds in the amounts deposited in the Series 2004 A Bonds Reserve Account and Series 2004 B Bonds Reserve Account, if any, all of the

proceeds of the Bonds will be expended on the Project within 24 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. A. The Issuer has either (a) funded the Series 2004 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 2004 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2004 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2004 A Bonds Reserve Account and the Series 2004 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

B. The Issuer has either (a) funded the Series 2004 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2004 B Bonds Reserve Account which will be funded with equal

payments made on a monthly basis over a 10-year period until such Series 2004 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2004 B Bonds Reserve Account and the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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.

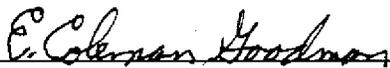
25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

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.

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

SALT ROCK SEWER PUBLIC SERVICE  
DISTRICT

  
\_\_\_\_\_  
Chairman

12/23/04  
788890.00002

At a Regular Session of the County Commission of Cabell County West Virginia, held at for said County at the Courthouse thereof, on the 2nd day of July, 1984, the following order was made and entered:

MEMBERS: THE HONORABLE TED T. BARR, PRESIDENT, BILL DUNFEE AND ROBERT B. HAYES, GENTLEMEN COMMISSIONERS OF THE COUNTY.

RE: AN ORDER WHEREBY THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA, PROPOSES ON ITS OWN MOTION TO MAINTAIN THE SALT ROCK PUBLIC SERVICE DISTRICT AS TWO SEPARATE ENTITIES, TO BE KNOWN RESPECTIVELY AS THE "SALT ROCK WATER PUBLIC SERVICE DISTRICT" AND THE "SALT ROCK SEWER PUBLIC SERVICE DISTRICT," EACH HAVING THE PURPOSES AND BOUNDARIES HEREINAFTER DESCRIBED: FIXING A DATE FOR THE HEARING OF SAID MOTION: AND PROVIDING FOR THE PUBLICATION OF NOTICE OF SUCH HEARING.

The following resolution was offered by Ted T. Barr

President:

WHEREAS: by an order entered on December 30, 1974 (the "Original Order"), the County Court, (now, the County Commission) of Cabell County, West Virginia, (the "County Commission"), created the Salt Rock Public Service District, consisting of an area of 56.00 square miles, within the McComas, Union and Grant Magistrial Districts of Cabell County, West Virginia, described in Book 43, pages 241, et seq. of the Commission's Records, located in the Clerk's Office as follows:

BEGINNING at a point in the Cabell County and Lincoln County boundary, said point having a latitude of N38°20'9" and longitude W82°10'10"; thence following the said Cabell and Lincoln County boundaries in a southwesternly direction 2.46 miles to a point in the existing Salt Rock Public Service District boundary thence leaving the said Cabell and Lincoln County boundary N46°08'W, 2.20 miles following the boundary of the existing Salt Rock Public Service District boundary to a point; thence North, 1.15 miles following the existing Salt Rock Public Service District boundary to a point in the centerline of the Guyandotte River; thence with centerline of the Guyandotte River and Smith Creek in a southwesternly direction 2.00 miles to a point; thence S72°03'W, 0.53 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of N38°20'18" and longitude W82°15'00"; thence south 1.75 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of N38°18'49" and longitude W82°15'00"; thence west, 1.77 miles leaving the existing Salt Rock Public Service District boundary to a point in the McComas Magisterial District boundary; thence following the McComas Magisterial District boundary 12.78 miles to a point having a latitude of N38°23'45" and W82°15'00"; thence north 1.50 miles leaving the McComas Magisterial District boundary to a point on the centerline of the Mud River; thence following the centerline of the Mud River 5.11 miles to a point; thence north 2.00 miles to a point having a latitude of N38°28'32" and longitude W82°13'33"; thence east, 3.20 miles to a point having a latitude N38°28'32" and longitude W82°10'00"; thence south, 9.63 miles to the point of beginning containing an area of 56.00 square miles within the McComas, Union and Grant Magisterial Districts, Cabell County, West Virginia, (the "Original District"); and

WHEREAS: The County Commission of Cabell County, West Virginia, did by its own order, on February 13, 1980, (the "February, 1980 Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article 13A, Section 2, and as recorded in Book 67, Pages 40, 41, and 42 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:

BOUNDARY DESCRIPTION OF PARCEL 1:

Beginning at a point in the northern boundary of the Salt Rock Public Service District, said point also being a corner with the Cabell Public Service District boundary and having a latitude of  $N38^{\circ}28'32''$  and a longitude of  $W82^{\circ}13'33''$  thence, 3.03 miles in a southwestern direction with the northern boundary of the Cabell Public Service District to a point in the intersection of West Virginia Routes 11 and 17; thence, North 2.19 miles, leaving the boundary of the Cabell Public Service District to a point having a latitude of  $N38^{\circ}30'00''$  and a longitude of  $W82^{\circ}16'50''$ ; thence East, 1.65 miles to a point having a latitude of  $N38^{\circ}30'00''$  and a longitude of  $W82^{\circ}15'00''$ ; thence North, 3.68 miles to a point having a latitude of  $N38^{\circ}33'14''$  and a longitude of  $W82^{\circ}15'00''$ ; thence, East 4.51 miles to a point in the Mason County boundary, said point having a latitude of  $N38^{\circ}33'14''$  and a longitude of  $W82^{\circ}10'00''$ ; thence  $S48^{\circ}00'E.$ , 3.04 miles with the Mason County boundary to a point having a latitude of  $N38^{\circ}31'27''$  and a  $W82^{\circ}07'30''$ ; thence, South, 5.75 miles to a point in the northern right-of-way line of Interstate 64; thence 2.14 miles in a southwest direction with the northern right-of-way line of Interstate 64 to a point in the center of Mud River; thence, 0.46 miles with the meanders of Mud River to a point in West Virginia Route 60; thence, South, 1.00 miles leaving Mud River to a point having a latitude of  $N38^{\circ}25'00''$  and a longitude of  $W82^{\circ}09'32''$ ; thence, East, 3.10 miles to a point having a latitude of  $N38^{\circ}25'00''$  and a longitude of  $W82^{\circ}06'07''$ ; thence South, 3.60 miles to a point in the Lincoln County boundary; thence, 5.53 miles in a southwestern direction with the Lincoln County boundary to a point in the eastern boundary of the Salt Rock Public Service District; thence North, 9.63 miles with the boundary of the Salt Rock Public Service District to a point having a latitude of  $N38^{\circ}28'32''$  and a longitude of  $W82^{\circ}10'00''$ ; thence, West, 3.20 miles with the northern boundary of the Salt Rock Public Service District to the POINT OF BEGINNING, containing an area of 61.8 square miles located in the Grant, Union and Barboursville Magisterial Districts

BOUNDARY DESCRIPTION OF PARCEL 2:

Beginning at a point in the southern boundary of the Salt Rock Public Service District, said point being in the boundary with Wayne County; thence East, 3.37 miles to a point thence, 8.90 miles with the boundary of Lincoln County to a point being in the common boundary between Wayne and Lincoln Counties; thence, 10.08 miles in a northwestern direction with the Wayne County boundary to the POINT OF BEGINNING, containing an area of 21.3 square miles in the McComas Magisterial District.

BOUNDARY DESCRIPTION OF PARCEL 3:

Beginning at a point in the northern right-of-way line of Interstate 64, said point being the southwest corner of the Cabell Public Service District; thence, 2.45 miles in a eastern direction with the northwest right-of-way line of Interstate 64 (the southern boundary of the Cabell Public Service District) to a point in West Virginia Route 17; thence, 1.05 miles in a southern then a western direction to a point in the western boundary of the Salt Rock Public Service District; thence, South, 1.50 miles with the western boundary of the Salt Rock Public Service District to a point; thence, 3.25 miles in a western direction with the western boundary of the Salt Rock Public Service District to a point having a latitude of  $N38^{\circ}23'24''$  and a longitude of  $W82^{\circ}17'2''$ ; thence,  $N15^{\circ}45'E.$ , 1.89 miles to the POINT OF BEGINNING, containing an area of 3.6 square miles, all in the Barboursville Magisterial District. The above description is amended to delete the 1979 annexed area of the Village of Barboursville.

WHEREAS: The County Commission of Cabell County, West Virginia, did by its own order, on December 17, 1980 (the "December, 1980, Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article 13A Section 2, and as recorded in Book 72, Pages 508, 509, and 510 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory, and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:

BOUNDARY DESCRIPTION OF PARCEL 1, THE BLUE SULPHUR SECTION:

BEGINNING at a point, said point being formed by the intersection of West Virginia Route 60 with the Western boundary of the Salt Rock Public Service District, thence, in a Northern direction with the Western boundary of the Salt Rock Public Service District to it's Northwest corner, thence, West to a point formed by the intersection of Blue Sulphur Road and Seven Mile Road, thence, due South to a point at Inter-State Route 64, thence, in an Easternly direction along Inter-State Route 64 to the point of intersection with Blue Sulphur Road, thence, with Blue Sulphur Road to West Virginia Route 60, thence, Easternly to the point of BEGINNING.

BOUNDARY DESCRIPTION OF PARCEL 2, THE WESTERN SECTION:

BEGINNING at a point, said point being the intersection of the WAYNE-CABELL COUNTY line and the Lavalette Public Service District Eastern Line, thence, North with the Lavalette Public Service District's Line to its intersection at Plyborn Branch, thence, due East to Grapevine Branch, thence, in a north Westernly direction to a point (.5) five tenths of a mile East of the Intersection of Green Valley Road and West Virginia Route 10, thence, North Easterly to a point (.5) five tenths of a mile South of Interstate 64 and at Cedar Crest Drive, thence, due East intercepting Darnell Road and continuing due East to West Virginia Route #10 at a point West of Guyan Estates. Thence, South to the Guyan River at the Four-N-Camp. Thence, South East with the Guyandotte River to a point formed by intersection of the Guyandotte River and the West Corner of the Salt Rock Public Service District to a point formed by the intersection of the Salt Rock Public Service District and the WAYNE-CABELL COUNTY line, thence, with the WAYNE-CABELL COUNTY line in a South Westernly direction to a point of BEGINNING.

The boundary description of Parcel 2, the Western Section, excludes the territory comprising the reduced Cabell Public Service District as follows:

BEGINNING at a point in the CABELL-WAYNE COUNTY boundary, said point having a latitude of N38°18'36", and a longitude of W82°21'10"; thence North one foot, thence East one foot, thence South one foot, thence, West one foot to the point of the BEGINNING containing an area of one square foot with the Barboursville Magisterial District, Cabell County, West Virginia.

WHEREAS, the powers of the Salt Rock Public Service District are vested in and exercised by a public service board consisting of three members, being Lon Lewis, T.U. Gottshall and Paul D. Gill acting only with respect to the water properties of the original district, as expanded by the 1980 Order; and,

WHEREAS, it is necessary, feasible and proper in the interest of clarity and for the preservation of the public health, comfort and convenience, and it is in the best interests of the residents of the Original District, as expanded by the 1980 Orders, that the Salt Rock Public Service District be hereafter maintained as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District," each having the purposes and boundaries hereinafter described; and,

WHEREAS, in accordance with Chapter 16, Article 13A, Section 2, of the West Virginia Code, 1931, as amended (the "Act"), the County Commission by its own motion and by this order duly adopted and entered proposes the maintenance of the Salt Rock Public Service District as two separate entities and fixes a date for the hearing of said motion and provides for the publication of notice of such hearing;

NOW, THEREFORE, be it resolved and ordered by the County Commission of Cabell County, West Virginia, as follows:

Section 1: The County Commission does declare and find the following matters and things to be suitable, proper and in accordance with the Act, and does hereby propose the following:

a. The Salt Rock Public Service District shall be maintained as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District".

b. The Water District shall embrace the territory embraced by the Original District as expanded by the 1980 Orders and shall have the purpose of constructing or acquiring by purchase or otherwise and maintaining, operating, improving and extending public service properties supplying water services within its territory and, also, outside its territory to the extent permitted by law, as is conducive to the preservation of the public health, comfort and convenience of such area.

c. The Sewer District shall embrace the territory embraced by the Original District as expanded by the 1980 Orders and shall have the purpose of constructing or acquiring by purchase or otherwise and maintaining, operating, improving and extending public service properties supplying sewerage services within its territory and, also, outside its territory to the extent permitted by law, as will be conducive to the preservation of the public health, comfort and convenience of such area.

d. With no further actions being necessary to effect such, all rights, permits, obligations, agreements, contracts, covenants and other interests of the Salt Rock Public Service District pertaining to water services or public service properties supplying water services, including any outstanding water revenue bonds, shall be those of the Water District, and all rights, permits, obligations, agreements, contracts, covenants and other interests of the Salt Rock Public Service District pertaining to sewerage services or public service properties supplying sewerage services, including any outstanding sewer revenue bonds and any rights or permits received, obligations or covenants made or agreements or contracts entered with respect to any contemplated issue of sewer revenue bonds, shall be those of the Sewer District.

e. Part of the same territory shall be included within the boundaries of both the Water District and the Sewer District but the Water District shall be organized to supply water services not being furnished by the Sewer District within such part of the Sewer District included therein, and the Sewer District shall be organized to supply sewerage services not being furnished by the Water District within such part of the Water District included therein.

f. Mr. Lon Lewis, Mr. T.U. Gottshall, and Mr. Paul D. Gill shall serve on the public service board of the Water District; each to serve the respective term designated in the order of the County Commission appointing him or her to the public service board of the Salt Rock Public Service District. New Commissioners shall be selected by the Cabell County Commission to serve as Commissioners for the Sewer District.

Section 2: On the sixth (6) day of August, 1984, not more than ~~forty~~ (40) days but not less than twenty (20) days from the date hereof, at 7:30 o'clock p.m., Eastern Daylight Savings Time, at the Ona Junior High School, Route #60, Ona, West Virginia, this Commission will conduct a public hearing on the maintenance of the Salt Rock Public Service District as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District, each having the purpose and boundaries hereinbefore described, at which time and place all persons residing in or owning or having any interest in property in the proposed Water District or the proposed Sewer District may appear before the County Commission and shall have an opportunity to be heard for or against the maintenance of the Salt Rock Public Service District as such two separate entities. At such public hearing, the County Commission shall consider and determine the feasibility of the maintenance of the Salt Rock Public Service District as such two separate entities and whether said maintenance will be conducive to the preservation of the public health, comfort and convenience of such areas.

Section 3: The Clerk of the County Commission is hereby ordered and directed to cause notice of such hearing and the time and place thereof to be given by publication of this order. This order shall be published in the Herald Dispatch, a newspaper of general circulation published in Cabell County, West Virginia, as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3, of the West Virginia Code, 1931, as amended. In addition, the Clerk of the County Commission is hereby ordered and directed to cause notice of such hearing to be given by posting this order in at least five (5) conspicuous places in both the Water District and the Sewer District. Said publication and posting of this order must be made not less than ten (10) days prior to the date for the public hearing set forth above and shall constitute the notice prescribed by the Act.

Adopted and entered this 2nd day of July, 1984.

TESTE:

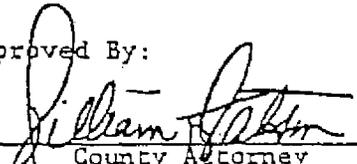
THE COUNTY COMMISSION OF CABELL  
COUNTY, WEST VIRGINIA.

  
\_\_\_\_\_  
Ted T. Barr, President

  
\_\_\_\_\_  
Commissioner

  
\_\_\_\_\_  
Commissioner

Approved By:

  
\_\_\_\_\_  
County Attorney

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the sixteenth day of August, 1984, the following order was made and entered:

IN THE MATTER OF MAINTAINING THE SALT ROCK PUBLIC SERVICE DISTRICT AS TWO SEPARATE ENTITIES

The following resolution was offered by

Ted T. Barr, President

RESOLVED: The County Commission of Cabell County maintain the Salt Rock Public Service District as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District."

The adoption of the foregoing resolution having been moved by Bill Dunfee, Commissioner, and duly seconded by Robert B. Hayes, Commissioner, the vote thereon was as follows:

Ted T. Barr, President	<u>Aye</u>
Bill Dunfee, Commissioner	<u>Aye</u>
Robert B. Hayes, Commissioner	<u>Aye</u>

Whereupon, Ted T. Barr, President, declared said resolution duly adopted; and it is therefore ADJUDGED AND ORDERED that said resolution be, and the same is, hereby adopted.

Ted T. Barr  
Ted T. Barr, President

Bill Dunfee  
Bill Dunfee, Commissioner

Robert B. Hayes  
Robert B. Hayes, Commissioner

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON THURSDAY THE SIXTEENTH DAY OF AUGUST, A.D. 1984

MEMBERS: THE HONORABLE TED T. BARR, PRESIDENT, BILL DUNFEE AND ROBERT B. HAYES, GENTLEMEN COMMISSIONERS OF THE COUNTY.

RE: AN ORDER MAINTAINING THE SALT ROCK PUBLIC SERVICE DISTRICT AS TWO SEPARATE ENTITIES, TO BE KNOWN RESPECTIVELY AS THE "SALT ROCK WATER PUBLIC SERVICE DISTRICT" AND THE "SALT ROCK SEWER PUBLIC SERVICE DISTRICT," EACH HAVING THE PURPOSES AND BOUNDARIES HEREINAFTER DESCRIBED.

WHEREAS, The County Commission of Cabell County, West Virginia, by an order adopted on the second day of July, 1984, fixed the date for a public hearing on the proposed maintenance of the Salt Rock Public Service District as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District" and in and by said order provided that all persons residing in or owning or having any interest in property in the proposed Salt Rock Water Public Service District or the Salt Rock Sewer Public Service District might appear before the County Commission at this meeting and have an opportunity to be heard for or against the maintenance of the Salt Rock Public Service District as such two separate entities; and,

WHEREAS, notice of this hearing and the time and place hereof was duly given in the manner provided and required by said order and by Article 13A of Chapter 16 of the West Virginia Code, 1931, as amended, and all interested persons have been afforded an opportunity of being heard for or against the maintenance of the Salt Rock Public Service District as such two separate entities, but no written protest has been filed by the requisite number of qualified voters registered and residing within said Salt Rock Public Service District or said proposed Salt Rock Water Public Service District or said Salt Rock Sewer Public Service District, and the County Commission has given due consideration to all matters for which such hearing was offered and,

WHEREAS, said hearing was held at the time and place stated in said order of July 2, 1984, being on August 6, 1984 at 7:30 p.m. Eastern Daylight Savings Time, in the Ona Junior High School Library, and the County of Cabell, the Cabell County Commission considered the question of maintaining the Salt Rock Public Service District as such two separate entities; and,

WHEREAS, it is now deemed necessary, feasible and proper in the interest of clarity and for the preservation of public health, comfort and convenience, and is in the best interests of the residents of the Salt Rock Public Service District and suitable, proper and in accordance with Article 13A of Chapter 16 of the West Virginia Code, 1931, as amended, for the County Commission to enter this order maintaining said Salt Rock Public Service District as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District", each having the purposes and boundaries hereinafter described;

NOW, THEREFORE, be it resolved and ordered by the County Commission of Cabell County, West Virginia, as follows:

Section 1: The Salt Rock Public Service District shall be maintained as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" (the "Water District") and the "Salt Rock Sewer Public Service District" (the "Sewer District").

Section 2: The Water District shall embrace the territory embraced by the Salt Rock Public Service District, created by an order of the County Court (now, the County Commission) of Cabell County, West Virginia (the "County Commission" entered on December 30, 1974 (the "Original Order"), consisting of an area of 56.00 square miles, within the McComas, Union and Grant Magisterial Districts of Cabell County, West Virginia, described in Book 43, pages 241, et seq. of the Commission's Records, located in the Clerk's Office with boundaries as follows:

BEGINNING at a point in the Cabell County and Lincoln County boundary, said point having a latitude of  $N38^{\circ}20'9''$  and longitude  $W82^{\circ}10'10''$ ; thence following the said Cabell and Lincoln County boundaries in a southwesterly direction 2.46 miles to a point in the existing Salt Rock Public Service District boundary thence leaving the said Cabell and Lincoln County boundary  $N46^{\circ}08'W$ , 2.20 miles following the boundary of the existing Salt Rock Public Service District boundary to a point; thence North, 1.15 miles following the existing Salt Rock Public Service District boundary to a point in the centerline of the Guyandotte River; thence with centerline of the Guyandotte River and Salt Creek in a southwesterly direction 2.00 miles to a point; thence  $S72^{\circ}03'W$ , 0.53 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of  $N38^{\circ}20'18''$  and longitude  $W82^{\circ}15'00''$ ; thence south 1.75 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of  $N38^{\circ}18'49''$  and longitude  $W82^{\circ}15'00''$ ; thence west, 1.77 miles leaving the existing Salt Rock Public Service District boundary to a point in the McComas Magisterial District boundary; thence following the McComas Magisterial District boundary 12.78 miles to a point having a latitude of  $N38^{\circ}23'45''$  and  $W82^{\circ}15'00''$ ; thence north 1.50 miles leaving the McComas Magisterial District boundary to a point on the centerline of the Mud River; thence following the centerline of the Mud River 5.11 miles to a point; thence north 2.00 miles to a point having a latitude of  $N38^{\circ}28'12''$  and longitude  $W82^{\circ}13'33''$ ; thence east, 3.20 miles to a point having a latitude  $N38^{\circ}28'32''$  and longitude  $W82^{\circ}10'00''$ ; thence south, 9.63 miles to the point of beginning containing an area of 56.00 square miles within the McComas, Union and Grant Magisterial Districts, Cabell County, West Virginia, (the "Original District" and,

WHEREAS: The County Commission of Cabell County, West Virginia did by its own order, on February 13, 1980, (the "February, 1980 Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article Section 2, and as recorded in Book 67, Pages 40, 41, and 42 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded area being described as follows:

BOUNDARY DESCRIPTION OF PARCEL 1:

Beginning at a point in the northern boundary of the Salt Rock Public Service District, said point also being a corner with the Cabell Public Service District boundary and having a latitude  $N38^{\circ}28'32''$  and a longitude of  $W82^{\circ}13'33''$  thence, 3.01 miles in southwesterly direction with the northern boundary of the Cabell Public Service District to a point in the intersection of West Virginia Routes 11 and 17; thence, North 2.19 miles, leaving the boundary of the Cabell Public Service District to a point having a latitude of  $N38^{\circ}30'00''$  and a longitude of  $W82^{\circ}15'50''$ ; thence East, 1.65 miles to a point having a latitude of  $N38^{\circ}30'00''$  and a longitude of  $W82^{\circ}15'00''$ ; thence North, 3.63 miles to a point having a latitude of  $N38^{\circ}28'32''$  and a longitude of  $W82^{\circ}13'33''$ .

said point having a latitude of  $N38^{\circ}33'14''$  and a longitude of  $W82^{\circ}10'00''$ ; thence  $S43^{\circ}00'E.$ , 3.04 miles with the Mason County boundary to a point having a latitude of  $N38^{\circ}31'27''$  and a  $W82^{\circ}07'30''$ ; thence, South, 5.75 miles to a point in the northern right-of-way line of Interstate 64; thence 2.14 miles in a south west direction with the northern right-of-way line of Interstate 64 to a point in the center of Mud River; thence, 0.46 miles with the meanders of Mud River to a point in West Virginia Route 60; thence, South, 1.00 miles leaving Mud River to a point having a latitude of  $N38^{\circ}25'00''$  and a longitude of  $W82^{\circ}09'32''$ ; thence, East, 3.10 miles to a point having a latitude of  $N38^{\circ}25'00''$  and a longitude of  $W82^{\circ}06'07''$ ; thence South, 3.60 miles to a point on the Lincoln County boundary; thence, 5.53 miles in a southwest direction with the Lincoln County boundary to a point in the eastern boundary of the Salt Rock Public Service District; thence North, 9.63 miles with the boundary of the Salt Rock Public Service District to a point having a latitude of  $N38^{\circ}28'32''$  and a longitude of  $W82^{\circ}10'00''$ ; thence, West, 3.20 miles with the northern boundary of the Salt Rock Public Service District to POINT OF BEGINNING, containing an area of 61.8 square miles located in the Grant, Union and Barboursville Magisterial Districts.

BOUNDARY DESCRIPTION OF PARCEL 2:

Beginning at a point in the southern boundary of the Salt Rock Public Service District, said point being in the boundary with Wayne County; thence, East, 3.37 miles to a point thence, 8.90 miles with the boundary of Lincoln County to a point being in common boundary between Wayne and Lincoln Counties; thence, 10 miles in a northwestern direction with the Wayne County boundary to the POINT OF BEGINNING, containing an area of 21.1 square miles in the McComas Magisterial District.

BOUNDARY DESCRIPTION OF PARCEL 3:

Beginning at a point in the northern right-of-way line of Interstate 64, said point being the southwest corner of the Cabell Public Service District; thence, 2.45 miles in an eastern direction with the northwest right-of-way line of Interstate 64 (the southern boundary of the Cabell Public Service District) to a point in West Virginia Route 17; thence, 1.05 miles in a southern direction to a point in the western boundary of the Salt Rock Public Service District; thence, South, 1.50 miles with the western boundary of the Salt Rock Public Service District to a point; thence, 3.25 miles in a western direction with the western boundary of the Salt Rock Public Service District to a point having a latitude of  $N38^{\circ}23'24''$  and a longitude of  $W82^{\circ}17'00''$ ; thence,  $N15^{\circ}45'E.$ , 1.89 miles to the POINT OF BEGINNING, containing an area of 3.6 square miles, all in the Barboursville Magisterial District. The above description is amended to delete the 1979 annexed area of the Village of Barboursville.

WHEREAS: The County Commission of Cabell County, West Virginia did by its own order, on December 17, 1980 (the "December, 1980 Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article Section 2, and as recorded in Book 72, Pages 508, 509, and 510 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:

BOUNDARY DESCRIPTION OF PARCEL 1, THE BLUE SULPHUR SECTION:

BEGINNING at a point, said point being formed by the intersection of West Virginia Route 60 with the Western boundary of the Salt Rock Public Service District, thence, in a Northern direction with the Western boundary of the Salt Rock Public Service District to its Northwest corner, thence, West to a point formed by the intersection of Blue Sulphur Road and Seven Mile Road, thence, due South to a point at Interstate Route 64, thence, in an Easterly direction along Interstate Route 64 to the point of intersection with Blue Sulphur Road, thence, with Blue Sulphur Road to West Virginia Route 60, thence, Easterly to the point of BEGINNING.

BOUNDARY DESCRIPTION OF PARCEL 2, THE WESTERN SECTION:

BEGINNING at a point, said point being the intersection of the WAYNE-CABELL County line and the Lavalette Public Service District Eastern Line, thence, North with the Lavalette Public Service District's Line to its intersection at Plyborn Branch, thence, East to Grapevine Branch, thence, in a north Westernly direction to a point (.5) five tenths of a mile East of the Intersection Green Valley Road and West Virginia Route 10, thence, North Easterly to a point (.5) five tenths of a mile South of Interstate 64 and at Cedar Crest Drive, thence, due East intersecting Darnell Road and continuing due East to West Virginia Route 10 at a point West of Guyan Escapes. Then, South to the Guyan River at the Four-H-Camp. Thence, South East with the Guyandotte River to a point formed by intersection of the Guyandotte River and the West Corner of the Salt Rock Public Service District to a point formed by the intersection of the Salt Rock Public Service District and the Wayne-Cabell County line, thence, with Wayne-Cabell County line, in a South Westernly direction to a point of BEGINNING.

The boundary description of Parcel 2, the Western Section, excludes the territory comprising the reduced Cabell Public Service District as follows:

BEGINNING at a point in the Cabell-Wayne County boundary, said point having a latitude of  $N38^{\circ}18'36''$ , and a longitude of  $W82^{\circ}21'10''$ ; thence, North one foot, thence, East one foot, thence, South one foot, thence, West one foot to the point of the BEGINNING containing an area of one square foot with the Barberville Magisterial District, Cabell County, West Virginia.

Section 1: The Sewer District shall embrace the territory embraced by the Salt Rock Public Service District, created by an order of the County Court (now, the County Commission) of Cabell County, West Virginia (the "County Commission" entered on December 30, 1974 (the "Original Order"), consisting of an area of 56.00 square miles, within the McComas, Union and Grant Magisterial Districts of Cabell County, West Virginia, described in Book 43, pages 241, et seq. of the Commission's Records, located in the Clerk's Office with boundaries as follows:

BEGINNING at a point in the Cabell County and Lincoln County, boundary, said point having a latitude of  $N38^{\circ}20'09''$  and longitude  $W82^{\circ}10'10''$ ; thence following the said Cabell and Lincoln

County boundaries in a southwesternly direction 2.46 miles to a point in the existing Salt Rock Public Service District boundary, thence, leaving the said Cabell and Lincoln County boundary N46°08'W, 2.20 miles following the boundary of the existing Salt Rock Public Service District boundary to a point; thence, North, 1.15 miles following the existing Salt Rock Public Service District boundary to a point in the centerline of the Guyandotte River; thence, with centerline of the Guyandotte River and Smith Creek in a southwesternly direction 2.00 miles to a point; thence, S72°03'W, 0.53 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of N38°20'18" and longitude W82°15'00"; thence, south 1.75 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of N38°13'49" and longitude W82°15'00"; thence, West, 1.77 miles leaving the existing Salt Rock Public Service District boundary to a point in the McComas Magisterial District boundary; thence, following the McComas Magisterial District boundary 12.78 miles to a point having a latitude of N38°23'45" and W82°15'00"; thence, North 1.50 miles leaving the McComas Magisterial District boundary to a point on the centerline of the Mud River; thence following the centerline of the Mud River 5.11 miles to a point thence, North 2.00 miles to a point having a latitude of N38°28' and longitude W82°13'33"; thence, East, 3.20 miles to a point having a latitude N38°28'32" and longitude W82°10'00"; thence, South, 9.63 miles to the point of beginning containing an area 56.00 square miles within the McComas, Union and Grant Magisterial Districts, Cabell County, West Virginia, (the "Original District and,

WHEREAS: The County Commission of Cabell County, West Virginia did by its own order, on February 13, 1980, (the "February, 1980 Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article 1 Section 2, and as recorded in Book 67, Pages 40, 41, and 42 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded area being described as follows:

BOUNDARY DESCRIPTION OF PARCEL 1:

Beginning at a point in the northern boundary of the Salt Rock Public Service District, said point also being a corner with the Cabell Public Service District boundary and having a latitude of N38°28'32" and a longitude of W82°13'33" thence, 3.03 miles in southwestern direction with the northern boundary of the Cabell Public Service District to a point in the intersection of West Virginia Routes 11 and 17; thence, North 2.19 miles, leaving the boundary of the Cabell Public Service District to a point having a latitude of N38°30'00" and a longitude of W82°16'50"; thence, East, 1.65 miles to a point having a latitude of N38°30'00" and a longitude of W82°15'00"; thence, North, 3.68 miles to a point having a latitude of N38°33'14" and a longitude of W82°15'00"; thence, East, 4.51 miles to a point in the Mason County boundary said point having a latitude of N38°33'14" and a longitude of W82°10'00"; thence S48°00'E., 3.04 miles with the Mason County boundary to a point having a latitude of N38°31'27" and a W82°07'30"; thence, South, 5.75 miles to a point in the northern right-of-way line of Interstate 64; thence, 2.14 miles in a south west direction with the northern right-of-way line of Interstate 64 to a point in the center of Mud River; thence, 0.46 miles with the meanders of Mud River to a point in West Virginia Route 60; thence, South, 1.00 miles leaving Mud River to a point having a latitude of N38°25'00" and a longitude of W82°09'32"; thence, East, 3.10 miles to a point having a latitude of N38°25'00" and a longitude of W82°06'07"; thence South, 1.60 miles to a point

direction with the Lincoln County boundary to a point in the eastern boundary of the Salt Rock Public Service District; thence North, 9.63 miles with the boundary of the Salt Rock Public Service District to a point having a latitude of  $N38^{\circ}28'32''$  and a longitude of  $W82^{\circ}10'00''$ ; thence, West, 3.20 miles with the northern boundary of the Salt Rock Public Service District to the POINT OF BEGINNING, containing an area of 61.8 square miles located in the Grant, Union and Barboursville Magisterial Districts.

BOUNDARY DESCRIPTION OF PARCEL 2:

Beginning at a point in the southern boundary of the Salt Rock Public Service District, said point being in the boundary with Wayne County; thence, East, 3.37 miles to a point thence, 8.90 miles with the boundary of Lincoln County to a point being in common boundary between Wayne and Lincoln Counties; thence, 10 miles in a northwestern direction with the Wayne County boundary to the POINT OF BEGINNING, containing an area of 21.3 square miles in the McComas Magisterial District.

BOUNDARY DESCRIPTION OF PARCEL 3:

Beginning at a point in the northern right-of-way line of Interstate 64, said point being the southwest corner of the Cabell Public Service District; thence, 2.45 miles in an eastern direction with the northwest right-of-way line of Interstate 64 (the southern boundary of the Cabell Public Service District) to a point in West Virginia Route 17; thence, 1.05 miles in a southern then a western direction to a point in the western boundary of the Salt Rock Public Service District; thence, South, 1.50 miles with the western boundary of the Salt Rock Public Service District to a point; thence, 3.25 miles in a western direction with the western boundary of the Salt Rock Public Service District to a point having a latitude of  $N38^{\circ}23'24''$  and a longitude of  $W82^{\circ}17'$  thence,  $N15^{\circ}45'E.$ , 1.89 miles to the POINT OF BEGINNING, containing an area of 3.6 square miles, all in the Barboursville Magisterial District. The above description is amended to delete the 1979 annexed area of the Village of Barboursville.

WHEREAS: The County Commission of Cabell County, West Virginia did by its own order, on December 17, 1980 (the "December, 1980 Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article Section 2, and as recorded in Book 72, Pages 508, 509, and 510 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:

BOUNDARY DESCRIPTION OF PARCEL 1, THE BLUE SULPHUR SECTION:

BEGINNING at a point, said point being formed by the intersection of West Virginia Route 60 with the Western boundary of the Salt Rock Public Service District, thence, in a Northern direction with the Western boundary of the Salt Rock Public Service District to its Northwest corner, thence, West to a point formed by the intersection of Blue Sulphur Road and Seven Mile Road, thence, due South to a point at Interstate Route 64, thence, in an Eastern direction along Interstate Route 64 to the point of intersection with Blue Sulphur Road, thence, with Blue Sulphur Road to West Virginia Route 60, thence, Eastern to the point of BEGINNING.

BOUNDARY DESCRIPTION OF PARCEL 2, THE WESTERN SECTION:

Eastern Line, thence, North with LavaLatta Public Service District's Line to its intersection at Plybown Branch, thence, East to Grapevine Branch, thence, in a North Westernly direction to a point (.5) five tenths of a mile East of the Intersection Green Valley Road and West Virginia Route 10, thence, North Easterly to a point (.5) five tenths of a mile South of Interstate 64 and at Cedar Crest Drive, thence, due East intersecting Darnell Road and continuing due East to West Virginia Route 10 at a point West of Guyan Estates. Then, South to the Guyan River at the Four-H-Camp. Thence, South East with the Guyandotte River to a point formed by intersection of the Guyandotte River and the West Corner of the Salt Rock Public Service District to a point formed by the intersection of the Salt Rock Public Service District and the Wayne-Cabell County line, thence, with the Wayne-Cabell County line in a South Westernly direction to point of BEGINNING.

The boundary description of Parcel 2, the Western Section, and the territory comprising the reduced Cabell Public Service District as follows:

BEGINNING at a point in the Cabell-Wayne County boundary, said point having a Latitude of  $N38^{\circ}18'36''$ , and a longitude of  $W82^{\circ}21'10''$ ; thence, North one foot, thence, East one foot, then South one foot, thence, West one foot to the point of the BEGINNING containing an area of one square foot with the Barboursville Magisterial District, Cabell County, West Virginia.

Section 4: With no further action being necessary to effect such, all rights, permits, obligations, agreements, contracts, covenants and other interests of the Salt Rock Public Service District pertaining to water services or public service properties supplying water services, including any outstanding water revenue bonds, shall be those of the Water District, and all rights, permits, obligations, agreements, contracts, covenants and other interests of the Salt Rock Public Service District pertaining to sewerage services or public service properties supplying sewerage services, including any outstanding sewer revenue bonds and any rights or permits received, obligations, covenants made or agreements or contracts entered with respect to any contemplated issue or contracts entered with respect to any contemplated issue of sewer revenue bonds, shall be those of the Sewer District.

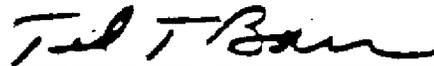
Section 5: The same territory shall be included within the boundaries of both the Water District and the Sewer District.

Section 6: Mr. Lon Lewis, Jr., Mr. T.U. Gottshall and Mr. Paul Dewey Gill shall serve on the Salt Rock Water Public Service District, each to serve the respective term designated in the order of the County Commission appointing him to the public service board of the Salt Rock Public Service District. Three new Commissioners will be chosen each to serve on the Salt Rock Sewer Public Service District the respective term designated in the order of the County Commission appointing him or her to the public service board.

Adopted and entered this sixteenth day of August, 1984, A.D.

TESTE:

THE COUNTY COMMISSION OF CABELL  
COUNTY, WEST VIRGINIA

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Bill Dunfee, Commissioner

  
\_\_\_\_\_  
Robert B. Hayes, Commissioner

APPROVED BY:

  
\_\_\_\_\_  
Bill Watson, County Attorney

OCT 21 2004

251

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Courthouse thereof, on the 21<sup>st</sup> day of October, 2004, the following order was made and entered:

**IN THE MATTER OF THE APPOINTMENT OF GERALDINE PERRY  
AS A COMMISSIONER TO THE SALT ROCK SEWER  
PUBLIC SERVICE DISTRICT**

The following Resolution was offered by:

Nancy Cartmill, President

**RESOLVED:** That the County Commission of Cabell County, West Virginia do and it hereby does appoint Geraldine Perry as a Commissioner to the Salt Rock Sewer Public Service District, said term beginning immediately and ending September 30, 2010, with the understanding that said appointment does not become effective until such time as said Appointee takes the required Oath of Office; and,

**FURTHER RESOLVED:** That the Clerk of this Commission is hereby directed to send a Certified Copy of this Resolution to Ms. Perry, at 5172 Route 10, Barboursville, West Virginia, and to the Salt Rock Sewer Public Service District, 100 Padero Drive, Ona, West Virginia 25559.

The adoption of the foregoing Resolution having been moved by:

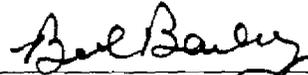
Robert L. Bailey, Commissioner, and duly seconded by;

L. D. Egnor, Commissioner, the vote thereon was as follows:

Nancy Cartmill, President	<u>aye</u>
Bob Bailey, Commissioner	<u>aye</u>
L. D. Egnor, Commissioner	<u>aye</u>

Whereupon, Nancy Cartmill, President, declared said Resolution duly adopted and it is therefore **ADJUDGED** and **ORDERED** that said Resolution be, and the same is, hereby adopted.

  
Nancy Cartmill, President

  
Bob Bailey, Commissioner

  
L. D. Egnor, Commissioner

STATE OF WEST VIRGINIA  
CABELL COUNTY CLERK  
I, KAREN S. COLE, CABELL COUNTY CLERK, DO HEREBY CERTIFY  
THAT THE FOREGOING IS A TRUE COPY, FROM THE RECORDS  
OF MY AFORESAID OFFICE.  
GIVEN UNDER MY HAND THIS 21<sup>st</sup>  
DAY OF October 2004  
KAREN S. COLE, CABELL COUNTY CLERK  
BY: Karen Reed  
DEPUTY CLERK



SEP 19 2000  
479

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 19<sup>th</sup> day of September, 2000, the following order was made and entered:

**IN THE MATTER OF THE APPOINTMENT OF COLEMAN GOODMAN  
AS COMMISSIONER TO THE SALT ROCK SEWER  
PUBLIC SERVICE DISTRICT**

The following Resolution was offered by:

Evelyn E. Richards President

**RESOLVED:** That the County Commission of Cabell County, West Virginia do and it hereby does reappoint Coleman Goodman as a Commissioner to the Salt Rock Sewer Public Service District for a term beginning October 1, 2000 and ending September 30, 2006; and

**FURTHER RESOLVED:** That the Clerk of this Commission is hereby directed to send a Certified Copy of this Order to Mr. Coleman Goodman, 2209 Lenora Street, Milton, West Virginia 25541 and to the Salt Rock Sewer Public Service District,

The adoption of the foregoing Resolution having been moved by:

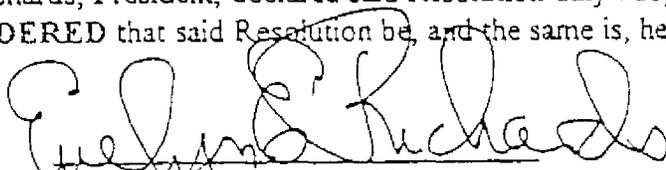
L. D. Egnor Commissioner, and duly seconded by;

Earl "JR" Blankenship Commissioner, the vote thereon was

as follows:

Evelyn E. Richards, President aye  
Earl "JR" Blankenship, Commissioner aye  
L. D. Egnor, Commissioner aye

Whereupon, Evelyn E. Richards, President, declared said Resolution duly adopted, and it is therefore ADJUDGED and ORDERED that said Resolution be, and the same is, hereby adopted.

  
Evelyn E. Richards, President

STATE OF WEST VIRGINIA  
CABELL COUNTY CLERK

I, BEN A. BAGDY, CABELL COUNTY CLERK, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY, FROM THE RECORDS OF MY AFORESAID OFFICE.

GIVEN UNDER MY HAND THIS

DAY OF SEPTEMBER 2000

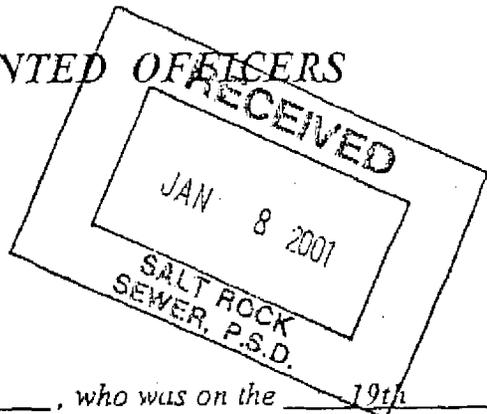
BEN A. BAGDY, CABELL COUNTY CLERK

BY Charles L. Johnson  
REPUTY CLERK

Earl "JR" Blankenship, Commissioner

  
L. D. Egnor, Commissioner

OATH OF APPOINTED OFFICERS



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

I, Coleman Goodman, who was on the 19th day of October, 2000 duly appointed by the Cabell County Commission, of Cabell County, West Virginia and approved by said Commission, to the office of Salt Rock Public Service District Commission Member, to serve at the will and pleasure of said Commission, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of said appointed office of Salt Rock Public Service District Commission Member, to the best of my skill and judgment.

Given under my hand this the 2 day of Jan., 2000.

Coleman Goodman  
(Seal)

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County, West Virginia, by Ben A. Bagby, County Clerk, this the 2 day of Jan., 2000.

Ben A. Bagby  
Cabell County Clerk

CABELL COUNTY CLERK  
COMMISSIONERS' Clerk 21  
Date/Time: 11/30/2004 14:06  
Inst #: 204147  
Book/Page: 168- / 83-  
Recd/Tax: .00 .00

OATH OF APPOINTED OFFICERS

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

I Geraldine Perry on the 21st day of October, 2004 duly appointed by the Cabell County Commission of Cabell County, West Virginia and approved by said commission, as a member to the Salt Rock Sewer Public Service District to serve at the will and pleasure of said commission, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of said appointed office as a member of the Salt Rock Sewer Public Service District to the best of my skill and judgment.

Given under my hand this the 22nd day of October, 2004

APPROVED: \_\_\_\_\_

Nancy Cartmire PRESIDENT  
[Signature] COMMISSIONER  
COMMISSIONER

Karen S. Cole by Valerie Perdue  
(Seal) Deputy Clerk

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell

OK NO. \_\_\_\_\_ PAGE NO. \_\_\_\_\_  
County, West Virginia, by Karen S. Cole, County Clerk this the  
22nd day of October 2004.

Karen S. Cole by Valerie Perdue  
Cabell County Clerk Deputy



CABELL COUNTY CLERK  
COMMISSIONERS' Clerk 02  
Date/Time: 04/10/2003 14:32  
Inst #: 159207  
Book/Page: 164- / 443  
Recd/Tax: .00 .00

OATH OF APPOINTED OFFICERS

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

I Raymond Jordan on the 27<sup>th</sup> day of February, 2003, duly appointed by the Cabell County Commission of Cabell County, West Virginia and approved by said commission, as a Commissioner to the Salt Rock Sewer Public Service District, to serve at the will and pleasure of said commission, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of said appointed office of the Salt Rock Sewer Public Service District to the best of my skill and judgment.

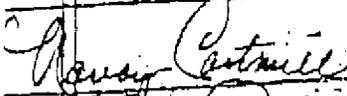
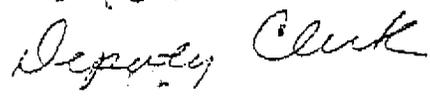
Given under my hand this the 28<sup>th</sup> day of February, 2003

  
(Seal)

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County, West Virginia, by Karen S. Cole, County Clerk this the 28<sup>th</sup> day of February, 2003.

APPROVED: \_\_\_\_\_

 PRESIDENT   
Cabell County Clerk

 COMMISSIONER   
COMMISSIONER   
Deputy Clerk

RULES OF PROCEDURE

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SALT ROCK SEWER PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 100 Padero Drive, Ona, Cabell County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Salt Rock Sewer 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 Cabell 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 2<sup>nd</sup> & 4<sup>th</sup> Monday 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 Cabell 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 Cabell County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specialy scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

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

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

## ARTICLE VI

### DUTIES OF OFFICERS

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

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

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

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

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

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

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

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

Adopted this 21st day of July, 2003.

07/17/03  
783890.00001

**LEGAL NOTICE**

**NOTICE OF PRE-FILING**

Notice is hereby given pursuant to the requirements of West Virginia Code §16-13A-25 that Culloden Public Service District ("CPSD") and Salt Rock Sewer Public Service District ("SRSPSD") have given notice to the Public Service Commission of their intent to file a Joint Application, together with the City of Milton ("Milton"), with the Public Service Commission for a Certificate of Convenience and Necessity to construct, operate and maintain a regional waste water treatment plant and related transmission facilities and to upgrade their present sewer systems in Cabell and Putnam Counties, West Virginia.

**Necessity for the Project**

This project has been necessitated by consent decrees entered into by CPSD and Milton with the West Virginia Division of Environmental Protection to eliminate violations of their National Pollution Discharge Elimination System permits, and to permit all three utilities to expand and upgrade their service to accommodate and better serve new and existing customers.

**Nature of the Project**

The proposed project will consist of two phases and several components. Phase I will result in the construction of a wastewater transmission line from the CPSD wastewater treatment plant to a point of discharge in the Mud River near Milton. Phase II will consist of (1) the construction of an upgrade of the SRSPSD's treatment plant to a capacity of 2.5 MGD to serve as a regional wastewater treatment plant for all three utilities; (2) the construction of a wastewater transmission line from Milton to the SRSPSD's wastewater treatment plant at Osa, West Virginia; (3) an upgrade and extension of the CPSD's wastewater collection system which will add an additional 27 customers on Sawmill Road in Clearview Estates; (4) an upgrade and extension of Milton's wastewater collection system to include an additional 564 customers in 13 separate areas; and (5) an upgrade of the SRSPSD's current wastewater collection system and extension to the Blue Sulphur, Yous Creek and Pudgee Creek areas which will eliminate seven (7) package treatment plants and provide service to approximately 14 new customers. Both the regional treatment plant, and the transmission lines will be constructed, owned and operated by SRSPSD. Upon completion of Phase II of the project, the CPSD and Milton's wastewater treatment plants will be abandoned, and all sanitary flow from those systems will be directed to the regional treatment plant under an agreement among SRSPSD, CPSD and Milton.

**Estimated Cost of the Project**

The total estimated cost of the proposed project is approximately \$30,127,712, and is as fully described in the Pre-Filing with Commission. CPSD's share of the cost of the project is estimated at \$1,010,000. Milton's share of the cost of the project is estimated at \$9,297,712. SRSPSD's share of project cost is estimated at \$19,820,000.

**Funding for the Project**

The parties to the Pre-Filing propose to fund the entire project by the following means and under the following terms: A. CPSD shall issue approximately \$1,010,000 in its Revolving Fund ("SRF") bonds for a period not less than 30 years at an interest rate not to exceed three (3) percent; B. Milton shall issue approximately \$9,297,712 in F bonds for a period not less than 30 years at an interest rate not to exceed three (3) percent; and C. SRSPSD's share of the project anticipated to be funded through a West Virginia Infrastructure and Jobs Development Council ("WVJDC") grant of 200,000, the issuance of approximately 200,000 in WVJDC bonds at 0% interest for a period of 40 years, and the issuance of approximately \$12,820,000 in SRF bonds for a period of not less than 30 years at an interest rate not to exceed three (3) percent.

**AFFIDAVIT OF PUBLICATION**

Cost of Publication \$135.24

State of West Virginia, County of Putnam, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Pre-Filing

Joint Application

Culloden Public Service District  
and

Salt Rock Sewer Public Service District

was duly published in said newspaper once a week for 2 (successive) week(s),

commencing with the issue of the 25th day of Oct., 2001,

and ending with issue of the 1st day of Nov., 2001, (and was posted,

if required, at the \_\_\_\_\_ on

the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_).

Phyllis Robinson

Phyllis Robinson, Publisher  
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 2nd

day of November, 2001

My commission expires

May 4, 2008

OFFICIAL SEAL  
NOTARY PUBLIC STATE OF WEST VIRGINIA  
FREDERICA A. WHITNEY  
46 RIVERDALE ESTATES  
WINFIELD WV 26213  
MY COMMISSION EXPIRES MAY 4 2008  
Frederica A. Whitney  
Notary Public of Putnam County, West Virginia

**Proposed Rate Changes**

The proposed estimated project-related rates are as follows:

CPSD is proposing an increase in rates to its customers of 101.9% for an amount not to exceed \$12.00 per 1,000 gallons, resulting in an average monthly increase for the average residential customer of CPSD (4,500 gallons per month) of \$27.26, from \$26.74 to \$54.00.

SRSPSD is proposing an increase in rates to its customers of 24.1% for an amount not to exceed \$10.50 per 1,000 gallons, resulting in an average monthly increase for the average residential customer of SRSPSD (4,500 gallons per month) of \$9.17, from \$38.08 to \$47.25.

The increases shown are based on residential customers. The percentage increase to other customer classes will depend upon average usage. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increase or decrease) by the Public Service Commission in its review of this filing.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in its Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

CULLODEN PUBLIC SERVICE DISTRICT and SALT ROCK SEWER PUBLIC SERVICE DISTRICT, public utilities serving portions of Putnam and Cabell Counties.

Culloden Public Service District  
Mike Kirtner

Salt Rock Sewer Public Service District  
Zennie Byrnside

24 10-25, 11-01

# AFFIDAVIT OF PUBLICATION

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

I, Ronda Waddell being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number 192061 was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the 20 day of Oct, ~~#2001~~, and ending with the issue of the 27 day of Oct, ~~#2001~~, and was posted at the East door of Cabell County Courthouse on the 20 day of Oct, ~~#2001~~; that said legal advertisement was published on the following dates:

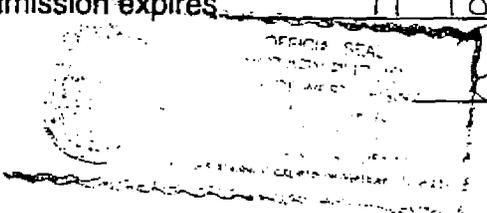
\_\_\_\_\_ that the cost of publishing said annexed advertisement as aforesaid was \$321.58 that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and

that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Ronda Waddell

Taken, subscribed and sworn to before me in my said county this 9 day of Nov, ~~#2001~~.

My commission expires 11-18-2009



Ronda Waddell

Notary Public  
Cabell County  
West Virginia

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
MEETING MINUTES - JANUARY 26, 2004

Commissioners in Attendance: Coleman Goodman, Raymond Jordan and William B. Roebuck.

Others Attending: Alma F. Adkins - Office Manager, Scheherazon Byrnside - General Manager, Jeff Beverly & Wayne Hypes - Dunn Engineers and Kathy Elliott - Region II.

Chairman Roebuck called the meeting to order at 6:00 P.M.

Chairman Roebuck informed everyone present that the meeting was being recorded and that there were copies of the meeting agenda available if anyone would like a copy.

Election of Officers: Commissioner Jordan made a motion that the commissioners remain in the same position as they currently hold. Commissioner Goodman seconded the motion. Motion carried unanimously. ✓

Setting of Day & Time for Board Meetings: Commissioner Goodman made a motion to continue with the fourth Monday of each month at 6:00 PM Commissioner Jordan seconded the motion. Motion carried unanimously.

Approval of Meeting Minutes December 22, 2003. Commissioner Goodman made a motion to approve the Meeting Minutes of 12/22/03. Commissioner Jordan seconded the motion. Motion carried unanimously.

Dunn Engineers Report: Mr. Beverly informed the Commissioners that Pipe Plus is essentially finished, they are just waiting on a letter from the Division of Highways releasing them. Diversified is 85% complete on the Culloden Pump Station and 50% complete on the Hill Pump Station and they are still looking at February 14th as their contract time.

Commissioner Goodman asked the status of Phase II. Mr. Beverly informed the Commissioners that Phase II is still at 80% and has been for more than a month now. We still need to obtain the Archaeological Survey and complete the Geological Survey and we can not move forward on them because we still need to obtain rights of entry from about 18 people. Right now the ball is in Mr. Wyatt Hanna's hands.

Mr. Beverly presented the Commissioners with the CSX easements for Phase II to be approved and signed. Also presented was an authorization form to approve using Phase I money to pay for the CSX fees until Phase II money is available, at which time Phase I will be reimbursed. Commissioner Goodman made a motion to approve the CSX easements and authorization form. Commissioner Jordan seconded the motion. Motion carried unanimously,

Mr. Hypes informed the Commissioners that he needed Chairman Roebuck to sign and Commissioner Goodman to witness copies of Supplemental Agreements four through eleven for their files because he can not find the original signed ones that were previously approved.

Mr. Hypes presented the Commissioners with a Supplemental Agreement to cover the inspection costs that were discussed at the December meeting to be approved and signed. Mr. Hypes informed the Commissioners that the agreement amount is not to exceed \$ 27,953. After discussion in great detail, Commissioner Goodman made a motion to approve the agreement. Commissioner Jordan seconded the motion. Motion carried unanimously.

Attorney's Report: Mr. Hanna not present to deliver a report.

Kathy Elliott, Region II: Ms. Elliott presented Chairman Roebuck with the District payment request No. 6 in the amount of \$ 155,144.00 for review and approval. After discussion, Commissioner Jordan made a motion to approve the pay request. Commissioner Goodman seconded the motion. Motion carried unanimously

Mr. Hypes informed the Commissioners that he had been asked by Mrs. Roger Deel to ask the Board if they would not serve her property and she will give them an easement to cross their property. After discussion, the Commissioners advised Mr. Hypes to refer this item to the attorney for advice.

Employee Insurance: The Commissioners were presented with an insurance quote from Gue Insurance for their review.

Public Comment Session: No one present.

Accounts Payable Operating Account: Thirty-Four (34) accounts payable checks totaling \$ 28,600.58 were submitted for payment approval and signatures.

Being no further business, Commissioner Jordan made a motion to adjourn the meeting at 7:15 PM. Commissioner Goodman seconded the motion. Motion carried unanimously.

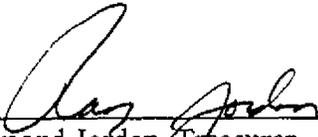
Submitted by: Glenn Goodman

The January 26, 2004 meeting minutes of the Salt Rock Sewer Public Service Districts' board members have been read and approved by:



---

Coleman Goodman, Secretary  
Salt Rock Sewer, PSD



---

Raymond Jordan, Treasurer  
Salt Rock Sewer, PSD



---

William B. Roebuck, Chairman  
Salt Rock Sewer, PSD

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
MEETING MINUTES - OCTOBER 25, 2004

Commissioners in Attendance: Coleman Goodman, Raymond Jordan and Geraldine Perry.

Others Attending: Alma Adkins - Office Manager, Scheherazon Byrnside - General Manager, Kathy Elliott - Region II and Jeff Beverly - Dunn Engineers.

Visitor Attending: Chris Tatum - Cabell County Commission.

Commissioner Goodman called the meeting to order at 7:00 P.M..

Commissioner Jordan made a motion to elect Commissioner Goodman as Chairman of the Board for the remainder of the year. Commissioner Goodman seconded the motion. Motion carried. ✓

Chairman Goodman welcomed Mrs. Perry to the Board and made a motion to elect Mrs. Perry as Secretary. Commissioner Jordan seconded the motion. Motion carried. ✓

Chairman Goodman informed everyone present that the meeting was being recorded and that there were copies of the meeting agenda available if anyone would like a copy.

Approval of Meeting Minutes September 21, 22 & 27 and October 08, 2004. Commissioner Jordan made a motion to approve all four sets of meeting minutes as presented. Chairman Goodman seconded the motion. Motion carried.

Dunn Engineers Report: Chairman Goodman informed Mr. Beverly that he would like Mr. Beverly to deliver a message to Mr. Hypes. Chairman Goodman stated that the next time something changes concerning Salt Rock Sewer and Dunn Engineers knows about it and they don't inform the Board he is going to suggest hiring new Engineers. Mr. Beverly informed Chairman Goodman that he would deliver the message. Chairman Goodman stated that he was very distressed when he found out that the District's boundaries had been changed with project 2000 and he knew nothing about it.

Mr. Beverly delivered a report on the pre-bid meeting of October 25, 2004. Mr. Beverly stated that the pre-bid meeting for the re-bid of the plant contract was today and they had 2 contractors, 1 supplier and 1 sub-contractor show up. Mr. Beverly advised the Commissioners that the bid opening is set for November 10, 2004 at 2:00 P.M. at Salt Rock Sewer's office.

Mr. Beverly discussed 20 possible changes that can be done to bring the cost of Salt Rock Sewer's project down if the bids come in over budget.

Commissioner Jordan asked Mr. Beverly if he could be notified as to when he is going to meet with Mr. Byrnside to go over the changes again because he would like to be present. Mr. Beverly and Mr. Byrnside advised Commissioner Jordan that they would let him know.

Attorney's Report: Mr. Hanna was not present to deliver a report.

Kathy Elliott, Region II: Ms. Elliott informed the Commissioners that she did not have any drawdowns to be signed and approved, but she did want to let them know that Mr. Rogers of the DEP called her and advised her that the District needs to file an extension summary each month explaining the District needs more time to complete the project.

Ms. Elliott informed the Commissioners that there are two outstanding invoices from the Charleston Newspaper for the bids and the plant re-bid that needs to be taken care of until Phase II money is released. Ms. Elliott advised the Commissioners that Mr. Beverly is going to see if Dunn Engineers can pay them for now and get reimbursed later.

Authorization to Reopen & Further Approval of the Rates: Mr. Beverly informed the Commissioners that this item is the same as what was discussed at the emergency meeting. Mr. Beverly stated that they approached the funding Committee and informed them that worse case scenario the District is three and half million dollars short and we need to obtain these funds to complete the project. After discussion in great detail, Commissioner Jordan made a motion to approve reopening the case with the Public Service Commission. Chairman Goodman seconded the motion. Motion carried unanimously.

Internet Service: Mr. Byrnside informed the Commissioners that this item still needs to be tabled because Mr. Beverly is still checking on something for him concerning the data lines already coming into the building.

Employee Education: Mr. Byrnside informed the Commissioners that there is a class on Activated Sludge Process Control coming up at ETC that he would like to send Mr. Simpson to. The class will be held November 3rd, 4th & 5th and the cost is \$216.00 plus mileage. Commissioner Jordan made a motion to approve Mr. Simpson attending the class. Chairman Goodman seconded the motion. Motion carried unanimously.

Lab Equipment: Mr. Byrnside informed the Commissioners that the Dissolve Oxygen Meter in the lab is needing replaced. Mr. Byrnside presented the Commissioners with the quotes Mr. Simpson received to replace the meter. After discussion, Commissioner Jordan made a motion to purchase the meter from Priesier Scientific for \$ 915.00. Chairman Goodman seconded the motion. Motion carried unanimously.

Banking: Ms. Adkins presented the Commissioners with information from the Milton area banks for their review and discussion. Commissioner Jordan stated that he feels the District should be banking at Milton instead of Barboursville since the drop box is located in Milton. This would cut down not only on mileage but also time out of the office. After reviewing the information Commissioner Jordan made a motion to table this item until Ms. Adkins can get back with Janet at City National Bank and get something from her in writing stating that they will not match the services the District gets from First State Bank. Chairman Goodman seconded the motion. Motion carried unanimously.

Blue Spruce Trailer Park: Chairman Goodman stated that he asked Mr. Byrnside to try and get something in writing from WV American Water Co. or the Contractors that worked on the water lines in Blue Spruce Trailer Park about what they found when they switched to individual meters. Mr. Byrnside informed the Commissioners that he had not spoken to anyone, however Ms. Adkins spoke to Mrs. Lee with the water company and she is going to have Mr. Crow get in touch with him concerning this matter and he had not yet done this. After discussion in great detail, Commissioner Jordan asked Mr. Beverly if Dunn Engineers could go to the trailer park and see what they can find out. Mr. Beverly suggested that the Board allow him to go out and talk to the people who run the park and see if they have any maps or drawings, walk around and do some checking and get back with them at the November meeting. Commissioner Jordan made a motion to authorize Dunn Engineers to do as Mr. Beverly suggested and informed Mr. Beverly that he would like to go out with him. Chairman Goodman seconded the motion. Motion carried unanimously.

Banking: Ms. Adkins informed Chairman Goodman that she had another item that needed taken care of concerning the banking. Ms. Adkins presented the Commissioners with new signature cards and a new resolution to be filled out to have Mr. Roebuck removed and Mrs. Perry added as a signer on the District's accounts.

Attendance at RPOC Meetings, H. Wyatt Hanna III: Commissioner Jordan stated that he does not see any sense in having Mr. Hanna attend the RPOC meetings when there are two other attorneys there. Mr. Beverly stated that he agrees with Commissioner Jordan's reasoning but he feels the attorneys that are there do not have Salt Rock Sewer's interest at heart. Ms. Adkins stated that Mr. Griffith suggested that Mr. Hanna be at the RPOC meeting to help Mr. Jordan out on explaining why Salt Rock Sewer did not vote for the reopening of the case at the PSC. Chairman Goodman stated that he feels Commissioner Jordan is Salt Rock's representative at the RPOC meetings and feels the decision should be up to him. Chairman Goodman also stated that he feels everyone is in agreement that if there is a need for Mr. Hanna to attend then they will have him attend. Commissioner Jordan stated that he would be the first to let us know that.

PSC Report and Annual Audit for Fiscal Year 03/04 & Letters: Ms. Adkins presented the Commissioners with copies of the Annual Audit for their review and approval. The Commissioners decided they will take the report home and review it and vote on it at the next meeting. Ms. Adkins presented Chairman Goodman with the PSC Reports to be signed and notarized to be submitted to the PSC. Commissioner Jordan made a motion to approve Chairman Goodman signing the reports. Chairman Goodman seconded the motion. Motion carried unanimously.

Ms. Adkins presented Chairman Goodman with letters that needed to be signed to accompany the audit for fiscal year 03/04.

Delinquent Accounts/Overtime Approval: Ms. Adkins presented the Commissioners with a list of accounts to be written off due to uncollection caused by death, bankruptcy, credits or move offs. After discussion in great detail, Commissioner Jordan made a motion to write off the accounts presented. Chairman Goodman seconded the motion. Motion carried unanimously.

Ms. Adkins also advised the Commissioners that she has found it hard to work on the delinquent accounts during the hours that the office is opened and asked the Commissioner to approve authorizing her at least two hours overtime a week to work on these accounts. Commissioner Jordan made a motion to approve Ms. Adkins two hours a week until she finishes these accounts. Chairman Goodman seconded the motion. Motion carried unanimously.

DEP Permit Application: Mr. Byrnside submitted a DEP permit application which needed Chairman Goodman's signature. Mr. Byrnside informed the Commissioners that Mr. Hatfield is putting in a car wash and the District's permit has to be modified.

Public Comment Session: No one present.

Project Reimbursement: Ms. Adkins presented the Commissioners with a transfer sheet in the amount of \$ 4455.54 to transfer funds from the RPOC account into the District's operating account to pay bills generated by the regional project.

RPOC Accounts Payable: Four (4) accounts payable checks totaling \$ 5579.37 were submitted for payment approval and signatures.

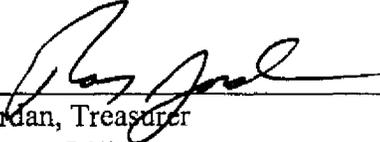
Accounts Payable Operating Account: Thirty-five (35) accounts payable checks totaling \$ 30,313.17 were submitted for payment approval and signatures. Commissioner Jordan made a motion to approve the accounts payable checks of the District. Chairman Goodman seconded the motion. Motion carried.

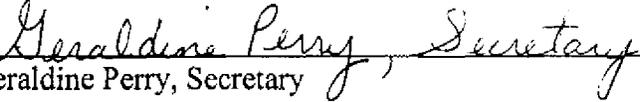
Adjournment: Being no further business, Commissioner Jordan made a motion to adjourn the meeting at 9:28 PM. Chairman Goodman seconded the motion. Motion carried.

Submitted by: Geraldine Perry, Secretary

The October 25, 2004 meeting minutes of the Salt Rock Sewer Public Service Districts' board members have been read and approved by:

  
\_\_\_\_\_  
Coleman Goodman, Chairman  
Salt Rock Sewer, PSD

  
\_\_\_\_\_  
Raymond Jordan, Treasurer  
Salt Rock Sewer, PSD

  
\_\_\_\_\_  
Geraldine Perry, Secretary  
Salt Rock Sewer, PSD

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Salt Rock Sewer Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Salt Rock Sewer Public Service District met in regular session, pursuant to notice duly posted, on December 27, 2004, in Ona, West Virginia, at the hour of 6:00 p.m.

PRESENT:                      Chairman    -    Coleman Goodman  
   Secretary   -    Geraldine Perry  
   Treasurer   -    Raymond Jordan

ABSENT:                      None.

Coleman Goodman, Chairman, presided, and Geraldine Perry, 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 IN FULL OF THE DISTRICT'S SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1998 A AND THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 C, THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF SALT ROCK SEWER PUBLIC SERVICE

DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$11,068,062 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN \$7,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM), AND SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND) OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS 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, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

\*\*\*

\*\*\*

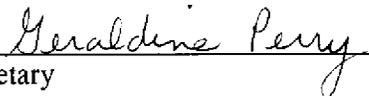
\*\*\*

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 is a true copy of the minutes of Salt Rock Sewer Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 29th day of December, 2004.

  
Secretary

12/20/04  
788890.00002

# AFFIDAVIT OF PUBLICATION

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

I, Bryant, Kathie being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH- 514589 was duly published in

The Herald-Dispatch

one time, once a week for \_\_\_\_\_ successive weeks, commencing with its issue of the 16 day of 12, 2004 and ending with the issue of the 16 day of 12, 2004 and was posted at the East door of the Cabell County Court-house on 16 day of 12, 2004: that said legal advertisement was published on the following dates:

*12-16-04*

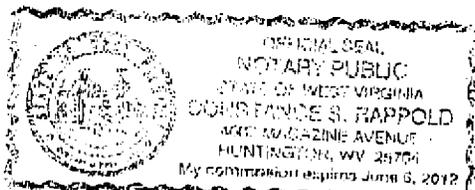
that the cost of publishing said annexed advertisement as aforesaid was \$122.20; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

*Kathie Bryant*

Taken, subscribed and sworn to before me in my said county this 14 day of 12, 2004

My commission expires \_\_\_\_\_

*June 6, 2012*



*Courtenae S. Rappold*

Notary Public  
Cabell County  
West Virginia

**NOTICE OF  
PUBLIC HEARING  
OF THE PUBLIC  
SERVICE BOARD OF  
SALT ROCK  
SEWER PUBLIC  
SERVICE DISTRICT**

**TO ADOPT BOND  
RESOLUTION**

A special meeting of the Public Service Board of the Salt Rock Sewer Public Service District (the "PSD") will be held to consider and adopt the following entitled Resolution, and to take such other action as necessary in relation thereto, on Monday, December 27, 2004 at 6:00 p.m., prevailing time, at the District's offices at 100. Padero Drive, One, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

**RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$9,999,999 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN \$111,111 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.**

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system of the District and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the District.

At the meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is

open to the public.

Dated: December 18, 2004.

/s/ Geraldine Perry  
Secretary

LH-514589 12-15-04

WV MUNICIPAL BOND COMMISSION  
8 Capitol Street  
Suite 500  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 29, 2004

(See Reverse for Instructions)

ISSUE: Salt Rock Sewer Public Service District, Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program)

ADDRESS: Post Office Box 510, 100 Padero Drive, Ona, West Virginia 25545. COUNTY: Cabell

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_ REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: December 29, 2004 CLOSING DATE: December 29, 2004

ISSUE AMOUNT: \$11,068,062 RATE: 0%; Administrative Fee: 0.5%

1ST DEBT SERVICE DUE: December 01, 2006 1ST PRINCIPAL DUE: December 01, 2006

1ST DEBT SERVICE AMOUNT: \$ 72,340.28 PAYING AGENT: Municipal Bond Commission

BOND  
COUNSEL: Stephoe & Johnson PLLC  
Contact Person: Vincent A. Collins, Esq.  
Phone: 304.624.8161

UNDERWRITERS  
COUNSEL: Jackson Kelly PLLC  
Contact Person: Samme L. Gee, Esq.  
Phone: 304.340.1318

CLOSING BANK: First State Bank  
Contact Person: Harriett Evans  
Phone: 304.736.5271 ext.6013

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: Zonnie Byrnside  
Position: Manager  
Phone: 304.743.6945

OTHER: WV Department of Environmental Protection  
Contact Person: Rosalie Brodersen  
Function: Branch Leader  
Phone: 304.558.0637

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ Other: \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_  
To Escrow Trustee: \$ \_\_\_\_\_  
To Issuer: \$ \_\_\_\_\_  
To Cons. Invest. Fund: \$ \_\_\_\_\_  
To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

WV MUNICIPAL BOND COMMISSION  
8 Capitol Street  
Suite 500  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 29, 2004

(See Reverse for Instructions)

ISSUE: Salt Rock Sewer Public Service District, Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 510, 100 Padero Drive, Ona, West Virginia 25545. COUNTY: Cabell

PURPOSE OF ISSUE: New Money: X  
Refunding: X REFUNDS ISSUE(S) DATED: August 27, 1998 and January 12, 2004

ISSUE DATE: December 29, 2004 CLOSING DATE: December 29, 2004

ISSUE AMOUNT: \$ 7,500,000 RATE: 0%

1ST DEBT SERVICE DUE: December 01, 2006 1ST PRINCIPAL DUE: December 01, 2006

1ST DEBT SERVICE AMOUNT: \$ 49,019.61 PAYING AGENT: Municipal Bond Commission

**BOND**

COUNSEL: Steptoe & Johnson PLLC  
Contact Person: Vincent A. Collins, Esq.  
Phone: 304.624.8161

**UNDERWRITERS**

COUNSEL: Jackson Kelly PLLC  
Contact Person: Samme L. Gee, Esq.  
Phone: 304.340.1318

CLOSING BANK: First State Bank  
Contact Person: Harriett Evans  
Phone: 304.736.5271 ext.6013

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: Zonnie Byrnside  
Position: Manager  
Phone: 304.743.6945

OTHER: Infrastructure & Jobs Development Council  
Contact Person: Katy Mallory, P.E.  
Function: Executive Secretary  
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
 Other: \$ 799,901.87 (See Notes)

REFUNDS & TRANSFERS BY MBC AT CLOSE  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_  
To Escrow Trustee: \$ \_\_\_\_\_  
To Issuer: \$ \_\_\_\_\_  
To Cons. Invest. Fund: \$ \_\_\_\_\_  
To Other: \$ \_\_\_\_\_

NOTES: Paying in full the Issuer's Sewerage System Design Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewerage System Design Revenue Bonds, Series 2003 C (West Virginia Infrastructure Fund).

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_

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.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

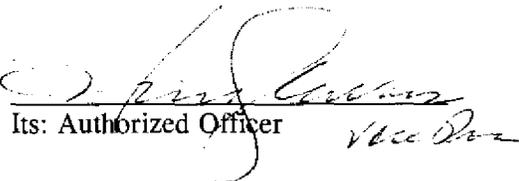
Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First State Bank, Barboursville, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Salt Rock Sewer Public Service District (the "Issuer") adopted December 27, 2004, and the Supplemental Resolution of the Issuer adopted December 27, 2004 (collectively, the "Resolution"), authorizing issuance of the Issuer's (i) Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), dated December 29, 2004, issued in the principal amount of \$11,068,062 and (ii) Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 29, 2004, issued in the principal amount of \$7,500,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Resolution.

WITNESS my signature on this 29th day of December, 2004.

FIRST STATE BANK

By:   
Its: Authorized Officer

12/20/04  
788890.00002

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

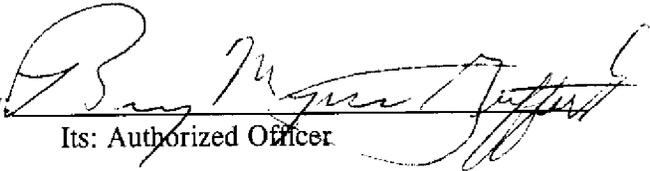
Sewer Revenue Bonds, Series 2004 A  
(West Virginia 'SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Salt Rock Sewer Public Service District (i) Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program), dated December 29, 2004, issued in the principal amount of \$11,068,062 and (ii) Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 29, 2004, issued in the principal amount of \$7,500,000 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Resolution authorizing issuance of the Bonds.

WITNESS my signature on this 29th day of December, 2004.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer.

12/21/04  
788890.00002

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

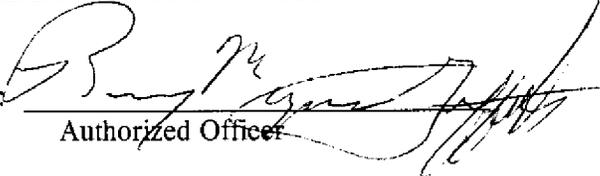
Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Resolution and Registrar's Agreement providing for the above-captioned Bonds of Salt Rock Sewer Public Service District (the "Issuer"), hereby certifies that on the date hereof (i) the single, fully registered Sewer Revenue Bond, Series 2004 A (West Virginia SRF Program), of the Issuer, dated December 29, 2004, in the principal amount of \$11,068,062, number AR-1, was registered as to principal only and (ii) the single fully registered Sewer Revenue Bond, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, dated December 29, 2004, in the principal amount of \$7,500,000, numbered BR-1, was registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 29th day of December, 2004.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

12/20/04  
788890.00002

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 29th day of December, 2004, by and between SALT ROCK SEWER 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 \$11,068,062 Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program) and its \$7,500,000 Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), and all in fully registered form (collectively, the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted December 27, 2004, and the Supplemental Resolution of the Issuer duly adopted December 27, 2004 (collectively, the "Resolution");

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 Resolution, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, 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 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 Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution 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 Resolution 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: Salt Rock Sewer Public Service District  
Post Office Box 510  
100 Padero Drive  
Ona, West Virginia 25545  
Attention: Chairman

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

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Resolution.

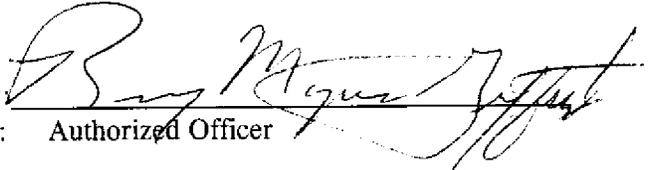
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

SALT ROCK SEWER PUBLIC SERVICE  
DISTRICT

  
\_\_\_\_\_

Chairman

THE HUNTINGTON NATIONAL BANK

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

Its: Authorized Officer

12/20/04  
788890.00002

EXHIBIT A

Resolution included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group  
900 Lee Street, 11th Floor  
P. O. Box 633 WE3013  
Charleston, West Virginia 25322-0633



STATEMENT OF TRUSTEE'S FEES  
Invoice Date December 29, 2004

Salt Rock Sewer Public Service District  
Account Number 6089001809

Salt Rock Sewer Public Service District  
Sewer Revenue Bonds, Series 2004 A  
Sewer Revenue Bonds, Series 2004 B  
C/O John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR December, 2004  
\*\*\*\*\*

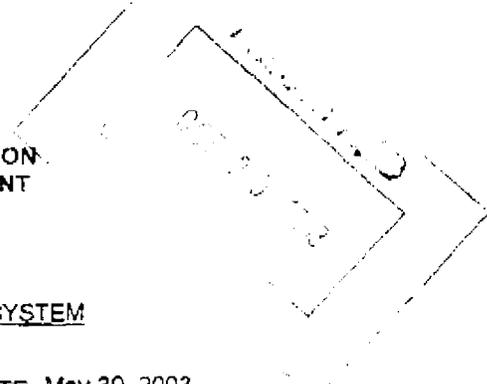
TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- \* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT \*
- \* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN \*
- \* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA .. \*
- \* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 .....

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



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.: WV0084450  
 SUBJECT: Sewage

ISSUE DATE: May 30, 2003  
 EFFECTIVE DATE: June 29, 2003  
 EXPIRATION DATE: May 29, 2008  
 SUPERSEDES: Permit No. WV0084450  
 dated May 30, 2003

LOCATION: ONA	Cabell	Lower Guyandotte River
(City)	(County)	(Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: SALT ROCK SEWER PSD  
 100 PADERO DR  
 ONA, WV 25545

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:

operate and maintain an existing 0.256 million gallon per day (MGD) sewage collection and treatment system consisting of approximately 5,387 linear feet of four(4) inch diameter gravity sewer line, 21,617 linear feet of six (6) inch diameter gravity sewer line, 56,050 linear feet of eight(8) inch diameter gravity sewer line, 7,300 linear feet of 10 inch diameter gravity sewer line, 349 manholes, 42 cleanouts, eight(8) lift stations, approximately 1,698 linear feet of two(2) inch diameter force main line, 7,000 linear feet of three(3) inch diameter force main line, 8,500 linear feet of four(4) inch diameter force main line, 3,450 linear feet of eight(8) inch diameter force main line, a mechanical bar screen, grit removal facilities, septage preaeration facilities, a 314,758 gallon oxidation ditch, a 51,000 gallon boat clarifier, an ultraviolet disinfection facilities, a 8,886 gallon sludge holding tank, two(2) vacuum sludge dewatering beds with a surface area of 430 square foot each, and all necessary appurtenances.

The facility is to serve approximately 1,300 homes or a population equivalent of 4,025 persons in the Salt Rock Sewer Public Service District and discharge the treated wastewater to the Mud River (approximately 13.0 miles from its mouth) of the Guyandotte River.

The regional wastewater treatment plant project will serve Salt Rock Sewer PSD, the City of Milton and Culloden PSD. This project will help satisfy the requirements of Civil Action No. 98-C-901 entered between WVDEP and Culloden PSD and Civil Action No. 98-C-0796 entered between WVDEP and City of Milton.

The project will be completed in two(2) phases (Phase I and Phase II).

Phase I:

Wastewater Transmission Line Phase Culloden to Milton:

To acquire, construct, install, operate and maintain a wastewater collection system extension to be comprised of approximately 4,450 linear feet of eight(8) inch diameter, 4,000 linear feet of 10 inch diameter, 19,700 linear feet of 14 inch diameter, 650 linear feet of 14 inch diameter force mains, two(2) pump stations, a chemical feed system, an outfall structure, and all requisite appurtenances.

This extension will enable the Culloden Public Service District to discharge the effluent from its wastewater treatment plant on a temporary basis from its current location on Indian Fork to a new location on the Mud River (at a mile point 14.85 miles from the Guyandotte River). Latitude 38° 25' 51" North; Longitude 82° 08' 14" West. This line will become a part of the regional wastewater project.

The wastewater collection system extension project shall be constructed, in accordance with:

**Plans, Specifications and Reports:**

Date Approved: August 12, 2002  
Prepared by: Dunn Engineerings, Inc.  
701 Virginia Street, West  
Charleston, WV 25302  
Title: Wastewater Transmission Line Phase I Culloden to Milton  
Cabell County, West Virginia  
Contract #1; SRF Project No. C-544185

**Phase II:**

**Wastewater Treatment Facility Upgrade/Wastewater Pump Stations Phase II:**  
Salt Rock Sewer PSD's existing wastewater treatment system will be upgraded from the existing 0.256 million gallon per day (MGD) to a 2.5 MGD sequencing batch reactor (SBR) plant that will serve as the regional wastewater treatment facility for eastern Cabell County. The discharge location remains unchanged.

To acquire, construct, install, operate and maintain a wastewater treatment system consisting of two(2) 1.25 MGD Sequencing Batch Reactors, upgrade of existing plant pump station, headworks with macerator, filter screen and two(2) grit separators, intermediate pump station, magnetic flow meters, ultraviolet disinfection unit, 138,000 gallon aerobic digester, 1.7 meter belt press with post lime treatment, wash water system, new garage building and all requisite appurtenances.

The wastewater treatment facility and pump station upgrade projects shall be constructed in accordance with:

**Approvable Plans, Specifications and Reports:**

Date Approved:  
Prepared by: Dunn Engineerings, Inc.  
701 Virginia Street, West  
Charleston, WV 25302  
Title: Wastewater Treatment Facility Upgrade (Contract #1)  
Wastewater Pump Stations Phase II (Contract #5)  
Cabell County, West Virginia  
Contract #1 & #5; SRF Project No. C-544185

**Wastewater Collection System Extension Phase II:**

Salt Rock's Sewer PSD's existing wastewater collection system will be extended to the south and west of the existing system, providing service along Fudges Creek to Waugh Branch, along Waugh Branch and Little Fudges Creek, along lower Cyrus Creek (Blue Sulfur) to subdivisions along the Mud River, as well as the Ona West Industrial Park.

To acquire, construct, install operate and maintain a wastewater collection system extension consisting of approximately 2,500 linear feet of 30 inch diameter gravity sewer line, 1,200 linear feet of 12 inch diameter gravity sewer line, 31,200 linear feet of eight(8) inch diameter gravity sewer line, 10,800 linear feet of six(6) inch diameter gravity sewer line, 4,000 linear feet of 12 inch diameter force main, 5,000 linear feet of 10 inch diameter force main, 4,000 linear feet of eight(8) inch diameter force main, 6,700 linear feet of four(4) inch diameter force main, 1,600 linear feet of two(2) inch diameter force main, 17 pump stations, chemical addition facility and all

requisite appurtenances.

The wastewater collection system extension project shall be constructed , in accordance with:

Approvable Plans, Specifications and Reports:

Date Approved:

Prepared by: Dunn Engineerings, Inc.  
701 Virginia Street, West  
Charleston, WV 25302

Title: Wastewater Collection System Extension Phase II  
Cabell County, West Virginia  
Contract #2 & #3; SRF Project No. C-544185

**Wastewater Transmission Line Phase II Milton to Salt Rock:**

The Phase II transmission system will transport all of the raw sewage flows from Culloden and Milton, as well as flow from the Foxfire Resort and Yates Crossing area, to the new treatment plant.

To acquire, construct, install, operate and maintain a wastewater transmission system to be comprised of approximately 16,000 linear feet of 14 inch diameter force main, 3,700 linear feet of 21 inch diameter force main, six(6) pump stations, a grit removal and grinding facility, a chemical addition facility and all requisite appurtenances.

The wastewater transmission line from Milton to Salt Rock shall be constructed, in accordance with:

Approvable Plans, Specifications and Reports:

Date Approved:

Prepared by: Dunn Engineerings, Inc.  
701 Virginia Street, West  
Charleston, WV 25302

Title: Wastewater Transmission Line Phase II Milton to Salt Rock  
Cabell County, West Virginia  
Contract #4; SRF Project No. C-544185

**This permit is subject to the following terms and conditions :**

The information submitted on and with Permit application No. WV0084450 dated the 1st day of October 2002, is hereby made terms and conditions of this Permit with like effect as if all such permit application information was 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.

Proposed Unit	Latitude	Longitude	Base Property Name	Area (Square Feet)	Notes
001	38°26'26"	82°11'55"	MUD RV	N/A	N/A
002	38°26'26"	82°11'55"	MUD RV	N/A	N/A
IU01	38°26'26"	82°11'55"	N/A	N/A	N/A
S01	38°26'26"	82°11'55"	N/A	N/A	N/A

**PRIOR BONDS RESOLUTIONS**

Series 2003 A and 2003 B Bond Resolution

**PRIOR BOND TRANSCRIPT IS ON FILE WITH DISTRICT**



WEST VIRGINIA

**Water Development Authority**

Celebrating 30 Years of Service 1974 - 2004

December 29, 2004

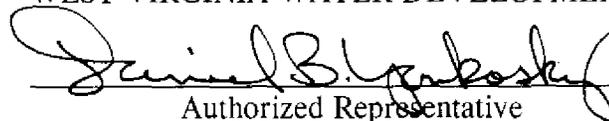
SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1990 A Bonds, the Series 1990 B Bonds, the Series 2003 A Bonds and the Series 2003 B Bonds hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program) and the Sewer Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), in the original aggregate principal amounts of \$11,068,062 and \$7,500,000, respectively, by Salt Rock Sewer Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 1987 A (West Virginia Water Development Authority) (the "Series 1987 A Bonds"), Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority) (the "Series 1990 A Bonds"), Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) (the "Series 2003 A Bonds") and Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority) (the "Series 2003 B Bonds"), and senior and prior, with respect to liens, pledge and source of and security for payment, to the Issuer's Sewer Revenue Bonds, Series 1987 B (West Virginia Water Development Authority) (the "Series 1987 B Bonds") and Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority) (the "Series 1990 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

  
Authorized Representative

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 SALT ROCK SEWER PUBLIC SERVICE DISTRICT (the "Governmental Agency").

### R E C I T A L S

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$1,370,000 (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:

### T E R M S

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.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

SALT ROCK SEWER  
PUBLIC SERVICE DISTRICT

By: *Coleman Goodman*  
Its: Chairperson  
Date: December 29, 2004

(SEAL)

Attest:

*Geraldine Perry*  
Its: Secretary

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

By: *Daniel B. Yarbark*  
Its: Director  
Date: December 29, 2004

(SEAL)

Attest:

*Barbara B Meadows*  
Its: Secretary-Treasurer

000832/00466  
12/14/04

## Exhibit A

### Project Description

The Project consists of construction of a regional sewage treatment plant and collection system (Phase II), together with all appurtenant facilities.



CERTIFICATE OF EXCESS INSURANCE  
ISSUED BY  
GENERAL STAR NATIONAL INSURANCE  
COMPANY  
Stamford, Connecticut 06904

NXG-391875A

DECLARATIONS

POLICY NUMBER: NXG-391875A

ITEM 1 - NAME AND ADDRESS OF INSURED:

SALT ROCK SEWER PUBLIC SERVICE  
DISTRICT  
100 PADARO DRIVE  
ONA, WV 25545

ITEM 2 - UNDERLYING INSURANCE:

A) INSURER - NATIONAL UNION FIRE INSURANCE COMPANY OF PA

COVERAGE - Commercial General Liability including Professional Liability  
STOP GAP, AUTOMOBILE, AND WRONGFUL ACTS LIABILITY

LIMITS - \$1,000,000 each occurrence Bodily Injury and/or Property Damage Liability combined

ITEM 3 - LIMIT(S) OF COVERAGE HEREUNDER:

\$2,000,000 each occurrence Bodily Injury and/or Property Damage Liability combined in excess of the limits  
stated above

ITEM 4 - PREMIUM \$6,082.00 Annual

ITEM 5 - PERIOD OF COVERAGE HEREUNDER: 07/01/2004 to 07/01/2005  
Both days at 12:01 AM local standard time.

Countersigned at Chicago, Illinois this 21st day of July, 2004

GENERAL STAR NATIONAL INSURANCE COMPANY

Authorized Signature

## CERTIFICATE OF LIABILITY INSURANCE

ADDITIONAL INSURED: SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
100 PADERO DRIVE  
ONA, WV 25545

CERTIFICATE NO: L 2776 - Dec 15, 2003

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 4806295 and Automobile Policy CA 5189013 issued to the state of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2004 to Jul 1, 2005 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 occurrence 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: December 15, 2003

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 White  
AUTHORIZED REPRESENTATIVE

DATED: June 30, 2004

AGENT OF RECORD: INSURANCE SYSTEMS INC.

P.O. BOX 588  
ONA, WV 25545

**CERTIFICATE OF PROPERTY INSURANCE**

**INSURED:** SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
100 PADERO DRIVE  
ONA, WV 25545

**CERTIFICATE NO:** P 2776 - Dec 15, 2003

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, 2004 to Jul 1, 2005 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.  
Individual Faithful Performance Bonds are limited to the amount of coverage that is required by statute.

**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 30, 2004

**AGENT OF RECORD:** INSURANCE SYSTEMS INC.  
P.O. BOX 588  
ONA, WV 25545

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

RECEIPT OF PAYMENT OF SERIES 1998 A BONDS

The undersigned, authorized representative of the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Department of Environmental Protection hereby certifies as follows:

On the 29th day of December, 2004, the Authority received the sum of \$606,597.12 from Salt Rock Sewer Public Service District and such amount is sufficient to pay the entire outstanding principal of and all accrued interest on the Salt Rock Sewer Public Service District Sewerage System Design Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated August 27, 1998, issued in the original aggregate principal amount of \$820,000, to the date hereof and discharge the liens, pledges and encumbrances securing such Bonds.

WITNESS my signature on this 29th day of December, 2004.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY, on behalf of the West Virginia  
Department of Environmental Protection

By: Barbara B. Meadows  
Its: Authorized Representative

12/28/04  
788890.00002

**CANCELLED**  
**PAID IN FULL**  
DATE: 12.29.04  
BY : Barbara B. Meadows

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM DESIGN REVENUE BOND, SERIES 1998 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$820,000

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of EIGHT HUNDRED TWENTY THOUSAND DOLLARS (\$820,000), 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, 1999, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1999, as set forth on said EXHIBIT B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated December 9, 1997.

This Bond is issued (i) to pay a portion of the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is

**CANCELLED  
PAID IN FULL**  
DATE: 12-29-04  
BY : BDM

issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on August 24, 1998, and a Supplemental Resolution duly adopted by the Issuer on August 24, 1998 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 A, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,185,479 (THE "SERIES 1987 A BONDS"), AND SEWER REVENUE BONDS, SERIES 1990 A, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$248,408 (THE "SERIES 1990 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 B, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$290,771 (THE "SERIES 1987 B BONDS"), AND SEWER REVENUE BONDS, SERIES 1990 B, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,592 (THE "SERIES 1990 B BONDS"). THE SERIES 1987 A BONDS, THE SERIES 1987 B BONDS, THE SERIES 1990 A BONDS AND THE SERIES 1990 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1987 A Bonds and the Series 1990 A Bonds and senior and prior to the pledge of Net Revenues in favor of the holders of the Series 1987 B Bonds and the Series 1990 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and

CANCELLED  
PAID IN FULL  
DATE: 12.29.04  
BY : WJM

agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1998 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 or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

**CANCELLED**  
**PAID IN FULL**  
DATE: 12.29.04  
BY : PBM

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

IN WITNESS WHEREOF, SALT ROCK SEWER 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 August 27, 1998.

[SEAL]

Colena Goodman  
Chairman

ATTEST:

Gail W. Laugh  
Secretary

CANCELLED  
PAID IN FULL  
DATE: 12-29-04  
BY : BSM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 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 27, 1998.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

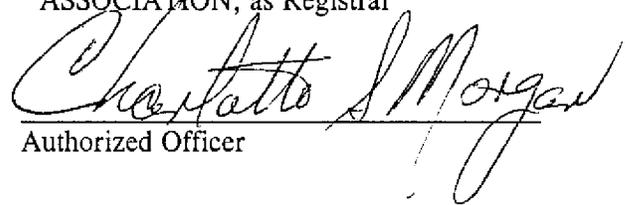
  
Authorized Officer



EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

CANCELLED  
PAID IN FULL  
DATE: 12.29.04  
BY : BM

Salt Rock Public Service District, West Virginia  
SRF Loan 1998  
\$820,000, 20 Years, 0% Interest, 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	10,250.00	-	10,250.00
3/01/2000	10,250.00	-	10,250.00
6/01/2000	10,250.00	-	10,250.00
9/01/2000	10,250.00	-	10,250.00
12/01/2000	10,250.00	-	10,250.00
3/01/2001	10,250.00	-	10,250.00
6/01/2001	10,250.00	-	10,250.00
9/01/2001	10,250.00	-	10,250.00
12/01/2001	10,250.00	-	10,250.00
3/01/2002	10,250.00	-	10,250.00
6/01/2002	10,250.00	-	10,250.00
9/01/2002	10,250.00	-	10,250.00
12/01/2002	10,250.00	-	10,250.00
3/01/2003	10,250.00	-	10,250.00
6/01/2003	10,250.00	-	10,250.00
9/01/2003	10,250.00	-	10,250.00
12/01/2003	10,250.00	-	10,250.00
3/01/2004	10,250.00	-	10,250.00
6/01/2004	10,250.00	-	10,250.00
9/01/2004	10,250.00	-	10,250.00
12/01/2004	10,250.00	-	10,250.00
3/01/2005	10,250.00	-	10,250.00
6/01/2005	10,250.00	-	10,250.00
9/01/2005	10,250.00	-	10,250.00
12/01/2005	10,250.00	-	10,250.00
3/01/2006	10,250.00	-	10,250.00
6/01/2006	10,250.00	-	10,250.00
9/01/2006	10,250.00	-	10,250.00
12/01/2006	10,250.00	-	10,250.00
3/01/2007	10,250.00	-	10,250.00
6/01/2007	10,250.00	-	10,250.00
9/01/2007	10,250.00	-	10,250.00
12/01/2007	10,250.00	-	10,250.00
3/01/2008	10,250.00	-	10,250.00
6/01/2008	10,250.00	-	10,250.00
9/01/2008	10,250.00	-	10,250.00
12/01/2008	10,250.00	-	10,250.00
3/01/2009	10,250.00	-	10,250.00
6/01/2009	10,250.00	-	10,250.00
9/01/2009	10,250.00	-	10,250.00
12/01/2009	10,250.00	-	10,250.00
3/01/2010	10,250.00	-	10,250.00
6/01/2010	10,250.00	-	10,250.00
9/01/2010	10,250.00	-	10,250.00

**CANCELLED  
PAID IN FULL**  
DATE: 12-29-04  
BY: BBM

Salt Rock Public Service District, West Virginia SRF Loan 1998 \$820,000, 20 Years, 0% Interest, 1% Admin. Fee			
DEBT SERVICE SCHEDULE			
Date	Principal	Coupon	Total P+I
12/01/2010	10,250.00	-	10,250.00
3/01/2011	10,250.00	-	10,250.00
6/01/2011	10,250.00	-	10,250.00
9/01/2011	10,250.00	-	10,250.00
12/01/2011	10,250.00	-	10,250.00
3/01/2012	10,250.00	-	10,250.00
6/01/2012	10,250.00	-	10,250.00
9/01/2012	10,250.00	-	10,250.00
12/01/2012	10,250.00	-	10,250.00
3/01/2013	10,250.00	-	10,250.00
6/01/2013	10,250.00	-	10,250.00
9/01/2013	10,250.00	-	10,250.00
12/01/2013	10,250.00	-	10,250.00
3/01/2014	10,250.00	-	10,250.00
6/01/2014	10,250.00	-	10,250.00
9/01/2014	10,250.00	-	10,250.00
12/01/2014	10,250.00	-	10,250.00
3/01/2015	10,250.00	-	10,250.00
6/01/2015	10,250.00	-	10,250.00
9/01/2015	10,250.00	-	10,250.00
12/01/2015	10,250.00	-	10,250.00
3/01/2016	10,250.00	-	10,250.00
6/01/2016	10,250.00	-	10,250.00
9/01/2016	10,250.00	-	10,250.00
12/01/2016	10,250.00	-	10,250.00
3/01/2017	10,250.00	-	10,250.00
6/01/2017	10,250.00	-	10,250.00
9/01/2017	10,250.00	-	10,250.00
12/01/2017	10,250.00	-	10,250.00
3/01/2018	10,250.00	-	10,250.00
6/01/2018	10,250.00	-	10,250.00
9/01/2018	10,250.00	-	10,250.00
12/01/2018	10,250.00	-	10,250.00
3/01/2019	10,250.00	-	10,250.00
6/01/2019	10,250.00	-	10,250.00
9/01/2019	10,250.00	-	10,250.00
<b>TOTAL</b>	<b>820,000.00</b>	<b>-</b>	<b>820,000.00</b>

\* Plus \$1,037.82 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$83,025.60.

CANCELLED  
PAID IN FULL  
DATE: 12.29.04  
BY : BBM

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:

\_\_\_\_\_

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2004 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

RECEIPT OF PAYMENT OF SERIES 2003 C BONDS

The undersigned, authorized representative of the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council hereby certifies as follows:

On the 29th day of December, 2004, the Authority received the sum of \$193,304.75 from Salt Rock Sewer Public Service District and such amount is sufficient to pay the entire outstanding principal of and all accrued interest on the Salt Rock Sewer Public Service District Sewerage System Design Revenue Bonds, Series 2003 C (West Virginia Infrastructure Fund), dated January 12, 2004, issued in the original aggregate principal amount of \$194,289, to the date hereof and discharge the liens, pledges and encumbrances securing such Bonds.

WITNESS my signature on this 29th day of December, 2004.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY, on behalf of the West Virginia  
Infrastructure and Jobs Development Council

By: Barbara B. Meadows  
Its: Authorized Representative

12/28/04  
067780.00004

**CANCELLED  
PAID IN FULL**  
DATE: 12.29.04  
BY : Barbara B. Murdock CPA

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 C  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR- 1

\$194,289

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of ONE HUNDRED NINETY-FOUR THOUSAND TWO HUNDRED EIGHTY-NINE DOLLARS (\$194,289), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, at the rate per annum as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, on behalf of the Council, dated January 12, 2004.

**CANCELLED  
PAID IN FULL**  
DATE: 12-29-04  
BY : ABM

This Bond is issued (i) to pay a portion of the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on July 21, 2003, and a Supplemental Resolution duly adopted by the Issuer on December 22, 2003 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 A, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,185,479 (THE "SERIES 1987 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$248,408 (THE "SERIES 1990 A BONDS");

(3) SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 27, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$820,000 (THE "SERIES 1998 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,050,000 (THE "SERIES 2003 A BONDS"); AND

**CANCELLED**  
**PAID IN FULL**  
DATE: 12.29.04  
BY : APM

(5) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$60,000 (THE "SERIES 2003 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 1998 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1987 B, DATED APRIL 15, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$290,771 (THE "SERIES 1987 B BONDS"); AND

(2) SEWER REVENUE BONDS, SERIES 1990 B, DATED MARCH 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,592 (THE "SERIES 1990 B BONDS").

THE SERIES 1987 A BONDS, THE SERIES 1987 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1990 B BONDS, THE SERIES 1998 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 C Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2003 C Bond 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

**CANCELLED  
PAID IN FULL**  
DATE: 12.29.04  
BY : ABM

System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2003 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

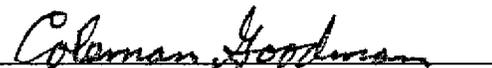
**CANCELLED**  
**PAID IN FULL**  
DATE: 12.29.04  
BY : BDM

IN WITNESS WHEREOF, SALT ROCK SEWER 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 January 12, 2004.

[SEAL]

  
Chairman

ATTEST:

  
Secretary

**CANCELLED**  
**PAID IN FULL**  
DATE: 12.29.04  
BY : ABM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 12, 2004.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

By:   
Its: Authorized Officer



EXHIBIT B  
DEBT SERVICE SCHEDULE

**CANCELLED  
PAID IN FULL**  
DATE: 12-29-04  
BY: BAM

**Salt Rock Sewer Public Service District (West Virginia)**

Loan of \$194,289  
40 Years, 3% Interest Rate  
Closing Date: January 12, 2004

**TOTAL DEBT SERVICE**

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Total P+I</b>
3/01/2004	-	-	-
6/01/2004	638.92	1,457.17	2,096.09
9/01/2004	643.71	1,452.38	2,096.09
12/01/2004	648.54	1,447.55	2,096.09
3/01/2005	653.41	1,442.68	2,096.09
6/01/2005	658.30	1,437.78	2,096.08
9/01/2005	663.24	1,432.85	2,096.09
12/01/2005	668.21	1,427.87	2,096.08
3/01/2006	673.22	1,422.86	2,096.08
6/01/2006	678.27	1,417.81	2,096.08
9/01/2006	683.36	1,412.73	2,096.09
12/01/2006	688.49	1,407.60	2,096.09
3/01/2007	693.65	1,402.43	2,096.08
6/01/2007	698.85	1,397.23	2,096.08
9/01/2007	704.10	1,391.99	2,096.09
12/01/2007	709.38	1,386.71	2,096.09
3/01/2008	714.70	1,381.39	2,096.09
6/01/2008	720.05	1,376.03	2,096.08
9/01/2008	725.46	1,370.63	2,096.09
12/01/2008	730.90	1,365.18	2,096.08
3/01/2009	736.38	1,359.70	2,096.08
6/01/2009	741.90	1,354.19	2,096.09
9/01/2009	747.47	1,348.62	2,096.09
12/01/2009	753.07	1,343.01	2,096.08
3/01/2010	758.72	1,337.36	2,096.08
6/01/2010	764.41	1,331.68	2,096.09
9/01/2010	770.15	1,325.94	2,096.09
12/01/2010	775.92	1,320.17	2,096.09
3/01/2011	781.74	1,314.35	2,096.09
6/01/2011	787.60	1,308.48	2,096.08
9/01/2011	793.51	1,302.58	2,096.09
12/01/2011	799.46	1,296.62	2,096.08
3/01/2012	805.45	1,290.63	2,096.08
6/01/2012	811.50	1,284.59	2,096.09
9/01/2012	817.59	1,278.50	2,096.09
12/01/2012	823.71	1,272.37	2,096.08
3/01/2013	829.89	1,266.20	2,096.09
6/01/2013	836.12	1,259.97	2,096.09
9/01/2013	842.39	1,253.70	2,096.09
12/01/2013	848.70	1,247.37	2,096.07
3/01/2014	855.07	1,241.01	2,096.08
6/01/2014	861.49	1,234.60	2,096.09
9/01/2014	867.95	1,228.14	2,096.09
12/01/2014	874.46	1,221.63	2,096.09
3/01/2015	881.01	1,215.08	2,096.09
6/01/2015	887.62	1,208.47	2,096.09
9/01/2015	894.28	1,201.80	2,096.08

# Salt Rock Sewer Public Service District (West Virginia)

Loan of \$194,289  
40 Years, 3% Interest Rate  
Closing Date: January 12, 2004

<b>CANCELLED</b>
<b>PAID IN FULL</b>
DATE: <u>12-29-04</u>
BY : <u>RBM</u>

## TOTAL DEBT SERVICE

Date	Principal	Interest	Total P+I
12/01/2015	900.98	1,195.10	2,096.08
3/01/2016	907.75	1,188.34	2,096.09
6/01/2016	914.55	1,181.54	2,096.09
9/01/2016	921.41	1,174.67	2,096.08
12/01/2016	928.32	1,167.76	2,096.08
3/01/2017	935.29	1,160.80	2,096.09
6/01/2017	942.30	1,153.79	2,096.09
9/01/2017	949.37	1,146.72	2,096.09
12/01/2017	956.49	1,139.60	2,096.09
3/01/2018	963.66	1,132.43	2,096.09
6/01/2018	970.89	1,125.20	2,096.09
9/01/2018	978.17	1,117.92	2,096.09
12/01/2018	985.50	1,110.58	2,096.08
3/01/2019	992.90	1,103.19	2,096.09
6/01/2019	1,000.34	1,095.74	2,096.08
9/01/2019	1,007.84	1,088.25	2,096.09
12/01/2019	1,015.41	1,080.68	2,096.09
3/01/2020	1,023.02	1,073.07	2,096.09
6/01/2020	1,030.69	1,065.40	2,096.09
9/01/2020	1,038.42	1,057.66	2,096.08
12/01/2020	1,046.21	1,049.87	2,096.08
3/01/2021	1,054.05	1,042.03	2,096.08
6/01/2021	1,061.96	1,034.13	2,096.09
9/01/2021	1,069.93	1,026.16	2,096.09
12/01/2021	1,077.95	1,018.14	2,096.09
3/01/2022	1,086.04	1,010.05	2,096.09
6/01/2022	1,094.18	1,001.91	2,096.09
9/01/2022	1,102.39	993.70	2,096.09
12/01/2022	1,110.65	985.43	2,096.08
3/01/2023	1,118.99	977.10	2,096.09
6/01/2023	1,127.38	968.71	2,096.09
9/01/2023	1,135.83	960.25	2,096.08
12/01/2023	1,144.35	951.74	2,096.09
3/01/2024	1,152.93	943.16	2,096.09
6/01/2024	1,161.58	934.51	2,096.09
9/01/2024	1,170.30	925.79	2,096.09
12/01/2024	1,179.07	917.02	2,096.09
3/01/2025	1,187.91	908.18	2,096.09
6/01/2025	1,196.82	899.27	2,096.09
9/01/2025	1,205.80	890.29	2,096.09
12/01/2025	1,214.84	881.25	2,096.09
3/01/2026	1,223.95	872.13	2,096.08
6/01/2026	1,233.13	862.95	2,096.08
9/01/2026	1,242.38	853.71	2,096.09
12/01/2026	1,251.70	844.38	2,096.08
3/01/2027	1,261.09	835.00	2,096.09
6/01/2027	1,270.55	825.54	2,096.09

Salt Rock Sewer Public Service District (West Virginia)

Loan of \$194,289  
 40 Years, 3% Interest Rate  
 Closing Date: January 12, 2004

**CANCELLED  
 PAID IN FULL**  
 DATE: 12-29-04  
 BY : [Signature]

**TOTAL DEBT SERVICE**

Date	Principal	Interest	Total P+I
9/01/2027	1,280.08	816.01	2,096.09
12/01/2027	1,289.67	806.41	2,096.08
3/01/2028	1,299.35	796.74	2,096.09
6/01/2028	1,309.09	786.99	2,096.08
9/01/2028	1,318.91	777.17	2,096.08
12/01/2028	1,328.81	767.28	2,096.09
3/01/2029	1,338.77	757.31	2,096.08
6/01/2029	1,348.81	747.28	2,096.09
9/01/2029	1,358.93	737.16	2,096.09
12/01/2029	1,369.12	726.97	2,096.09
3/01/2030	1,379.38	716.69	2,096.07
6/01/2030	1,389.73	706.35	2,096.08
9/01/2030	1,400.15	695.93	2,096.08
12/01/2030	1,410.65	685.43	2,096.08
3/01/2031	1,421.23	674.85	2,096.08
6/01/2031	1,431.90	664.19	2,096.09
9/01/2031	1,442.63	653.45	2,096.08
12/01/2031	1,453.45	642.63	2,096.08
3/01/2032	1,464.35	631.73	2,096.08
6/01/2032	1,475.34	620.75	2,096.09
9/01/2032	1,486.40	609.69	2,096.09
12/01/2032	1,497.55	598.53	2,096.08
3/01/2033	1,508.78	587.30	2,096.08
6/01/2033	1,520.10	575.99	2,096.09
9/01/2033	1,531.50	564.59	2,096.09
12/01/2033	1,542.99	553.10	2,096.09
3/01/2034	1,554.56	541.53	2,096.09
6/01/2034	1,566.22	529.87	2,096.09
9/01/2034	1,577.97	518.12	2,096.09
12/01/2034	1,589.80	506.29	2,096.09
3/01/2035	1,601.72	494.37	2,096.09
6/01/2035	1,613.74	482.35	2,096.09
9/01/2035	1,625.84	470.25	2,096.09
12/01/2035	1,638.03	458.06	2,096.09
3/01/2036	1,650.32	445.77	2,096.09
6/01/2036	1,662.69	433.39	2,096.08
9/01/2036	1,675.16	420.92	2,096.08
12/01/2036	1,687.73	408.36	2,096.09
3/01/2037	1,700.39	395.70	2,096.09
6/01/2037	1,713.13	382.94	2,096.07
9/01/2037	1,725.99	370.10	2,096.09
12/01/2037	1,738.94	357.15	2,096.09
3/01/2038	1,751.97	344.11	2,096.08
6/01/2038	1,765.11	330.97	2,096.08
9/01/2038	1,778.35	317.74	2,096.09
12/01/2038	1,791.69	304.40	2,096.09
3/01/2039	1,805.13	290.96	2,096.09

**CANCELLED  
PAID IN FULL**  
DATE: 12-29-04  
BY : [Signature]

**Salt Rock Sewer Public Service District (West Virginia)**

Loan of \$194,289  
40 Years, 3% Interest Rate  
Closing Date: January 12, 2004

**TOTAL DEBT SERVICE**

Date	Principal	Interest	Total P+I
6/01/2039	1,818.66	277.42	2,096.08
9/01/2039	1,832.31	263.78	2,096.09
12/01/2039	1,846.04	250.03	2,096.07
3/01/2040	1,859.89	236.19	2,096.08
6/01/2040	1,873.84	222.25	2,096.09
9/01/2040	1,887.89	208.19	2,096.08
12/01/2040	1,902.06	194.03	2,096.09
3/01/2041	1,916.32	179.77	2,096.09
6/01/2041	1,930.70	165.39	2,096.09
9/01/2041	1,945.18	150.91	2,096.09
12/01/2041	1,959.76	136.33	2,096.09
3/01/2042	1,974.46	121.62	2,096.08
6/01/2042	1,989.27	106.82	2,096.09
9/01/2042	2,004.19	91.90	2,096.09
12/01/2042	2,019.22	76.86	2,096.08
3/01/2043	2,034.37	61.72	2,096.09
6/01/2043	2,049.63	46.46	2,096.09
9/01/2043	2,065.00	31.09	2,096.09
12/01/2043	2,080.48	15.61	2,096.09
<b>Total</b>	<b>194,289.00</b>	<b>138,988.71</b>	<b>333,277.71</b>

**PAR AMOUNTS OF SELECTED ISSUES**

IF 12-29-03 Revised 1.....	22,000.00
IF 12-29-03 Revised 2.....	172,289.00
<b>TOTAL.....</b>	<b>194,289.00</b>



# CLOSING MEMORANDUM

**To:** Financing Team

**From:** John C. Stump, Esquire

**Date:** December 29, 2004

**Re:** Salt Rock Sewer Public Service District, Sewer Revenue Bonds, Series 2004 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2004 B (West Virginia Water Infrastructure Fund)

---

## SERIES 2004 A BONDS:

### 1. DISBURSEMENTS TO SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Payor: West Virginia Department of Environmental Protection  
Source: Series 2004 A Bonds Proceeds  
Amount: \$553,403  
Form: Check  
Payee: Salt Rock Sewer Public Service District  
Contact: Rosalie Brodersen - (304) 558-0637  
Bank: First State Bank  
Account: Series 2004 A Bonds Construction Trust Fund

## SERIES 2004 B BONDS:

### 2. DISBURSEMENTS TO SALT ROCK SEWER PUBLIC SERVICE DISTRICT

A. Payor: West Virginia Infrastructure Fund  
Source: Series 2004 B Bonds Proceeds  
Amount: \$108,125.13  
Form: Wire  
Payee: Salt Rock Sewer Public Service District  
ABA #: 051502528  
Account #: 070020607  
Bank: First State Bank  
660 Central Avenue  
Barboursville, WV 25504  
Contact: Harriett Evans (304.736.5271, ext. 6013)  
Account: Series 2004 B Bonds Construction Trust Fund

B. Payor: West Virginia Infrastructure Fund  
Source: Series 2004 B Bonds Proceeds  
Amount: \$799,901.87  
Form: Wire  
Payee: West Virginia Municipal Bond Commission  
ABA #: 051503394  
Account #: 5270517317  
Bank: Branch Banking and Trust Company  
Charleston, West Virginia  
Purpose: Pay outstanding principal of, interest on and administrative fee, if any, for the Issuer's Series 1998 Bonds (\$606,597.12) and Series 2003 C Bonds (\$193,304.75).

**WVIJDC GRANT:**

3. **DISBURSEMENTS TO BOND COMMISSION BY INFRASTRUCTURE FUND ON BEHALF OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT TO AID TOWN OF MILTON**

Payor: West Virginia Infrastructure Fund  
Source: Proceeds of WVIJDC Grant  
Amount: \$323,373  
Form: Wire  
Payee: West Virginia Municipal Bond Commission  
ABA #: 051503394  
Account #: 5270517317  
Bank: Branch Banking and Trust Company  
Charleston, West Virginia  
Purpose: Contribution to Town of Milton to pay off the Town's Series 1996 A Bonds and Series 1999 A Bonds.

**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

**BOND CLOSING ATTENDANCE LIST**

Date December 29, 2004 Time 9:30 a.m. LGA Salt Rock Sewer PSD Program CWSRF/IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
DANIEL YONKOSKY	WATER DEVELOPMENT AUTH	558-3612	558-0299	dyankosky@wvwda.org
Barbara B Meadows	Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org
Stammie Gee	Jackson Kelly PLLC	340-1318	340-1080	sggee@jacksonkelly.com
ROSALIE BRODERSEN	WV DEP	926-0499	926-0496	rbrodersen@wvdep.org
JACK SAYNO	MILTON	743-1198	743-1877	MILTON SAYNO & CHARLTON, INC.
Franki Parsons	Jackson Kelly PLLC	340-1283	340-1093	fparsons@jacksonkelly.com
John C Stump	Steeple Johnson	353-8196	353-8181	stumpjc@steeplejohnson.com
H. Wyatt Hanna III	Attorney	744-3150	744-3157	

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 Zonnie Byrnside, Gen. Man Telephone 304.743.6945 E-Mail N/A  
 Address P.O. Box 510, 100 Padaro Drive, Ona, West Virginia 25545

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.