

SHORT LINE PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)**

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SHORT LINE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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SHORT LINE PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE BY THE SHORT LINE PUBLIC SERVICE DISTRICT OF \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SHORT LINE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. Short Line Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Harrison County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the Issuer, consisting of the replacement of the 250,000 gallon Jay Farm water storage tank with two (2) 151,000 gallon storage tanks, complete with new valve vaults, overflows, drain lines, and necessary appurtenances relating thereto (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers,

which plans and specifications have heretofore been filed with the Issuer and at the costs estimated in Section 2.01 hereof.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of \$600,000 (the "Series 2010 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2010 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2010 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. Upon issuance of the Series 2010 A Bonds, the Issuer will have the following outstanding obligations which will rank on a parity with the Series 2010 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water System Revenue Bonds, Series 1973 A (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$500,000 (the "Series 1973 A Bonds"); (2) Water System Revenue Bonds, Series 1973 B (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$137,000 (the "Series 1973 B Bonds"); (3) Water System Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 12, 1974, issued in the original principal amount of \$33,500 (the "Series 1974 Bonds"); (4) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated May 9, 1991, issued in the original aggregate principal amount

of \$120,000 (the "Series 1990 Bonds"); and (5) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 24, 2005, issued in the original aggregate principal amount of \$1,274,183 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2010 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2010 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2010 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2010 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2010 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2010 A Bonds for all or a portion of the proceeds of the Series 2010 A Bonds from the Authority.

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

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

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, 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 1.02G hereof to be a part of the cost of acquisition and construction of the Project.

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

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

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

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

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

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

"Grants" means any grants that may be received for the project.

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

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

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

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

"Loan Agreement" means, the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2010 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2010 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1973 A Bonds, the Series 1973 B Bonds, the Series 1974 Bonds, the Series 1990 Bonds and the Series 2005 A Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and

provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Registrar" means the Bond Registrar.

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

"Replacement Reserve" means the Replacement Reserve continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2010 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2010 A Bonds and the Prior Bonds.

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

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

"Series 1973 A Bonds" means the Issuer's Water System Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$500,000.

"Series 1973 B Bonds" means the Issuer's Water System Revenue Bonds, Series 1973 B (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$137,000.

"Series 1974 Bonds" means the Issuer's Water System Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 12, 1974, issued in the original aggregate principal amount of \$33,500.

"Series 1990 Bonds" means the Issuer's Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated May 9, 1991, issued in the original aggregate principal amount of \$120,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 24, 2005, issued in the original aggregate principal amount of \$1,274,183.

"Series 2010 A Bonds" means the Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2010 A Bonds Construction Trust Fund" means the Series 2010 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2010 A Bonds in the then current or any succeeding year.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2010 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2010 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2010 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include the Project and any and all extensions,

additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks systems from any sources whatsoever.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$600,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2010 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed \$600,000 which will be obtained from the proceeds of the Series 2010 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying the Series 2010 A Bonds, capitalizing interest, if any, on the Series 2010 A Bonds, funding the Reserve Account for the Series 2010 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2010

A Bonds of the Issuer. The Series 2010 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund)," in the principal amount of \$600,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2010 A Bonds, if any, shall be deposited in or credited to the Series 2010 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2010 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2010 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2010 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2010 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2010 A Bonds. The Series 2010 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2010 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2010 A Bonds shall cease to be such officer of the Issuer before the Series 2010 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2010 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its

successors and assigns. No Series 2010 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2010 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2010 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2010 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2010 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2010 A Bonds or transferring the registered Series 2010 A Bonds are exercised, all Series 2010 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2010 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 A Bonds or, in the case of any proposed redemption of Series 2010 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and

substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2010 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2010 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2010 A Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2010 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2010 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and

desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2010 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SHORT LINE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2010, SHORT LINE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2010, and a Supplemental Resolution

duly adopted by the Issuer on _____, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER SYSTEM REVENUE BONDS, SERIES 1973 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 1973 A BONDS"); (2) WATER SYSTEM REVENUE BONDS, SERIES 1973 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$137,000 (THE "SERIES 1973 B BONDS"); (3) WATER SYSTEM REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1974, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$33,500 (THE "SERIES 1974 BONDS"); (4) WATER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 9, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$120,000 (THE "SERIES 1991 BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 24, 2005, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,274,183 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the

Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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, SHORT LINE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 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: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2010 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by the Prior Resolutions and continued hereby);
- (2) Replacement Reserve (established by the Prior Resolutions continued hereby); and
- (3) Series 2010 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolutions) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1973 A Bonds Reserve Account (established by Prior Resolutions);

- (2) Series 1973 B Bonds Reserve Account (established by Prior Resolutions);
- (3) Series 1974 Bonds Reserve Account (established by Prior Resolutions);
- (4) Series 1990 Bonds Reserve Account (established by Prior Resolutions);
- (5) Series 2005 A Bonds Sinking Fund (established by Prior Resolutions);
- (6) Series 2005 A Bonds Reserve Account (established by Prior Resolutions);
- (7) Series 2010 A Bonds Sinking Fund; and
- (8) Series 2010 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, each month transfer from the Revenue Fund and simultaneously on or before the due date thereof remit to the National Finance Office the amounts required to pay interest on the Series 1973 A Bonds, Series 1973 B Bonds, Series 1974 Bonds and Series 1990 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required to pay principal of the Series 1994 A Bonds, Series 1973 A Bonds, Series 1973 B Bonds, Series 1974 Bonds and Series 1990 Bonds, as required by the Prior Resolutions; (ii) remit to the Commission the amounts required to pay principal of the Series 2005 A Bonds, as required by the Prior Resolutions; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such

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

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the Prior Bonds; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement, until the amount in the Series 2010 A Bonds Reserve Account equals the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Replacement Reserve (as previously set forth in the Prior Resolutions and not in addition thereto) the amounts required by the Prior Resolutions and a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Replacement Reserve 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 Replacement Reserve 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 Replacement Reserve.

Monies in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2010 A Bonds as the same shall become due. Monies in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2010 A Bonds as the same shall come due, when other monies in the Series 2010 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account, shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the

Series 2010 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2010 A Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2010 A Bonds Reserve Account which result in a reduction in the balance therein to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2010 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2010 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2010 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

F. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.
From the monies received from the sale of the Series 2010 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 A Bonds, there shall first be deposited with the Commission in the Series 2010 A Bonds

Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2010 A Bonds for the period commencing on the date of issuance of the Series 2010 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2010 A Bonds, there shall be deposited with the Commission in the Series 2010 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2010 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2010 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 2010 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 2010 A Bonds shall be applied as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2010 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer stating that:

- (a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (c) Each of such costs has been otherwise properly incurred; and
- (d) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2010 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2010 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2010 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered July 15, 2009 which became Final Order on August 4, 2009, in Case 09-0208-PWD-CN, and such rates are hereby adopted.

So long as the Series 2010 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2010 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2010 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the holders of the Prior Bonds, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2010 A Bonds, immediately be remitted to the Commission for deposit in the Series 2010 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2010 A Bonds. Any balance remaining after the payment of the Series 2010 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Replacement Reserve. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Replacement Reserve. The payment of such proceeds into the Replacement Reserve shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent

for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2010 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2010 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2010 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2010 A Bonds.

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

So long as the Series 1973 A Bonds, Series 1973 B Bonds, Series 1974 Bonds or Series 1990 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1973 A Bonds, Series 1973 B Bonds, Series 1974 Bonds and Series 1990 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1973 A Bonds, Series 1973 B Bonds, Series 1974 Bonds and Series 1990 Bonds are no longer Outstanding, the following requirement shall be met:

So long as the Series 2005 A Bonds or Series 2010 A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2010 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2010 A Bonds.

So long as the Series 2005 A Bonds or Series 2010 A Bonds are outstanding no Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2010 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2010 A Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2010 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2010 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably

necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2010 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2010 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2010 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid.

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

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

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

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

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

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

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2010 A Bonds and shall be on a parity with the Prior Bonds.

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

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

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

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

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2010 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2010 A Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2010 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2010 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2010 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2010 A Bonds as a condition to issuance of the Series 2010 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to maintain the status of the Series 2010 A Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2010 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, from which the proceeds of the Series 2010 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2010 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2010 A Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2010 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs under the Prior Bonds or the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2010 A Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the

jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2010 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2010 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2010 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2010 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would

reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2010 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2010 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2010 A Bonds.

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

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

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

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

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Adopted this 25th day of March, 2010.

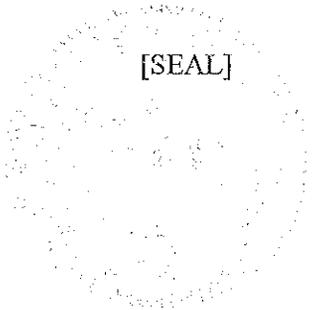


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of
SHORT LINE PUBLIC SERVICE DISTRICT on the 25th day of March, 2010.

Dated: April 6, 2010.




Secretary

03.08.10
311200.00004

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF SHORT LINE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Short Line Public Service District (the "Issuer") has duly and officially adopted a bond resolution on March 25, 2010 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE BY THE DISTRICT OF \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed \$600,000 and has authorized the execution and delivery of the loan agreement

relating to the Series 2010 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SHORT LINE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$600,000. The Series 2010 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2050, and shall bear no interest. The principal of the Series 2010 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2011, to and including March 1, 2050, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2010 A Bonds. The Series 2010 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2010 A Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority.

The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint and designate The Huntington National Bank, Shinnston, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2010 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2010 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2010 A Bond Proceeds in the amount of \$15,388 shall be deposited in the Series 2010 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2010 A Bonds shall be deposited in or credited to the Series 2010 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about April 6, 2010, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof with proceeds of the Series 2010 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 25th day of March, 2010.

SHORT LINE PUBLIC SERVICE DISTRICT

By:  _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Short Line Public Service District on March 25, 2010.

Dated: April 6, 2010.

[SEAL]


Secretary

03.08.10
820440.00003

IC-1
(08/09)

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").

SHORT LINE PUBLIC SERVICE DISTRICT
(2006W-915a)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin,

sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

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

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

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

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the

Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

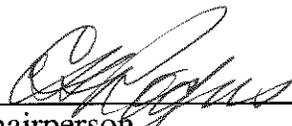
7.10 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

SHORT LINE PUBLIC SERVICE DISTRICT

(SEAL)

By: 
Its: Chairperson
Date: April 6, 2010

Attest:


Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: 
Its: Executive Director
Date: April 6, 2010

Attest:


Its: Secretary-Treasurer

{C1692680.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the 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 firm¹ has ascertained that all

¹If 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 _____,

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

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

[SEAL]

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

²If 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 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
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 \$600,000
Purchase Price of Local Bonds \$600,000

The Local Bonds shall bear no interest. Commencing June 1, 2011, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Local Bonds are fully registered in the name of the Authority as to 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:

- (i) Short Line Public Service District Water System Revenue Bonds, Series 1973 A (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$500,000;
- (ii) Short Line Public Service District Water System Revenue Bonds, Series 1973 B (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$137,000;
- (iii) Short Line Public Service District Water System Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 12, 1974, issued in the original principal amount of \$33,500;
- (iv) Short Line Public Service District Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated May 9, 1991, issued in the original aggregate principal amount of \$120,000; and

- (v) Short Line Public Service District Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 24, 2005, issued in the original aggregate principal amount of \$1,274,183.

Number of New Customers to Be Served: 0

Location: N/A

**SCHEDULE Y
DEBT SERVICE SCHEDULE**

Short Line PSD			
IF			
0% Interest Rate			
40 Years from Closing Date			
	Dated		
	Date	4/6/10	
	Delivery		
	Date	4/6/10	
Period	Principal	Interest	Debt
Ending			Service
4/6/10			
6/1/11	3,847		3,847
9/1/11	3,847		3,847
12/1/11	3,847		3,847
3/1/12	3,847		3,847
6/1/12	3,847		3,847
9/1/12	3,847		3,847
12/1/12	3,847		3,847
3/1/13	3,847		3,847
6/1/13	3,847		3,847
9/1/13	3,847		3,847
12/1/13	3,847		3,847
3/1/14	3,847		3,847
6/1/14	3,847		3,847
9/1/14	3,847		3,847
12/1/14	3,847		3,847
3/1/15	3,847		3,847
6/1/15	3,847		3,847
9/1/15	3,847		3,847
12/1/15	3,847		3,847
3/1/16	3,847		3,847
6/1/16	3,847		3,847
9/1/16	3,847		3,847
12/1/16	3,847		3,847
3/1/17	3,846		3,846
6/1/17	3,846		3,846
9/1/17	3,846		3,846
12/1/17	3,846		3,846
3/1/18	3,846		3,846
6/1/18	3,846		3,846
9/1/18	3,846		3,846
12/1/18	3,846		3,846
3/1/19	3,846		3,846
6/1/19	3,846		3,846
9/1/19	3,846		3,846
12/1/19	3,846		3,846
3/1/20	3,846		3,846
6/1/20	3,846		3,846
9/1/20	3,846		3,846
12/1/20	3,846		3,846
3/1/21	3,846		3,846
6/1/21	3,846		3,846
9/1/21	3,846		3,846
12/1/21	3,846		3,846

Short Line PSD

IF

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/22	3,846		3,846
6/1/22	3,846		3,846
9/1/22	3,846		3,846
12/1/22	3,846		3,846
3/1/23	3,846		3,846
6/1/23	3,846		3,846
9/1/23	3,846		3,846
12/1/23	3,846		3,846
3/1/24	3,846		3,846
6/1/24	3,846		3,846
9/1/24	3,846		3,846
12/1/24	3,846		3,846
3/1/25	3,846		3,846
6/1/25	3,846		3,846
9/1/25	3,846		3,846
12/1/25	3,846		3,846
3/1/26	3,846		3,846
6/1/26	3,846		3,846
9/1/26	3,846		3,846
12/1/26	3,846		3,846
3/1/27	3,846		3,846
6/1/27	3,846		3,846
9/1/27	3,846		3,846
12/1/27	3,846		3,846
3/1/28	3,846		3,846
6/1/28	3,846		3,846
9/1/28	3,846		3,846
12/1/28	3,846		3,846
3/1/29	3,846		3,846
6/1/29	3,846		3,846
9/1/29	3,846		3,846
12/1/29	3,846		3,846
3/1/30	3,846		3,846
6/1/30	3,846		3,846
9/1/30	3,846		3,846
12/1/30	3,846		3,846
3/1/31	3,846		3,846
6/1/31	3,846		3,846
9/1/31	3,846		3,846
12/1/31	3,846		3,846
3/1/32	3,846		3,846
6/1/32	3,846		3,846
9/1/32	3,846		3,846
12/1/32	3,846		3,846
3/1/33	3,846		3,846
6/1/33	3,846		3,846
9/1/33	3,846		3,846
12/1/33	3,846		3,846

Short Line PSD			
IF			
0% Interest Rate			
40 Years from Closing Date			
Period Ending	Principal	Interest	Debt Service
3/1/34	3,846		3,846
6/1/34	3,846		3,846
9/1/34	3,846		3,846
12/1/34	3,846		3,846
3/1/35	3,846		3,846
6/1/35	3,846		3,846
9/1/35	3,846		3,846
12/1/35	3,846		3,846
3/1/36	3,846		3,846
6/1/36	3,846		3,846
9/1/36	3,846		3,846
12/1/36	3,846		3,846
3/1/37	3,846		3,846
6/1/37	3,846		3,846
9/1/37	3,846		3,846
12/1/37	3,846		3,846
3/1/38	3,846		3,846
6/1/38	3,846		3,846
9/1/38	3,846		3,846
12/1/38	3,846		3,846
3/1/39	3,846		3,846
6/1/39	3,846		3,846
9/1/39	3,846		3,846
12/1/39	3,846		3,846
3/1/40	3,846		3,846
6/1/40	3,846		3,846
9/1/40	3,846		3,846
12/1/40	3,846		3,846
3/1/41	3,846		3,846
6/1/41	3,846		3,846
9/1/41	3,846		3,846
12/1/41	3,846		3,846
3/1/42	3,846		3,846
6/1/42	3,846		3,846
9/1/42	3,846		3,846
12/1/42	3,846		3,846
3/1/43	3,846		3,846
6/1/43	3,846		3,846
9/1/43	3,846		3,846
12/1/43	3,846		3,846
3/1/44	3,846		3,846
6/1/44	3,846		3,846
9/1/44	3,846		3,846
12/1/44	3,846		3,846
3/1/45	3,846		3,846
6/1/45	3,846		3,846
9/1/45	3,846		3,846
12/1/45	3,846		3,846

Short Line PSD
IF
0% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/46	3,846		3,846
6/1/46	3,846		3,846
9/1/46	3,846		3,846
12/1/46	3,846		3,846
3/1/47	3,846		3,846
6/1/47	3,846		3,846
9/1/47	3,846		3,846
12/1/47	3,846		3,846
3/1/48	3,846		3,846
6/1/48	3,846		3,846
9/1/48	3,846		3,846
12/1/48	3,846		3,846
3/1/49	3,846		3,846
6/1/49	3,846		3,846
9/1/49	3,846		3,846
12/1/49	3,846		3,846
3/1/50	3,847		3,847
	600,000		600,000

SCHEDULE Z

None.

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

FINAL

Entered: July 15, 2009

8/4/2009

CASE NO. 09-0208-PWD-CN

**SHORT LINE PUBLIC SERVICE DISTRICT,
Application for a certificate of convenience
and necessity to construct certain additions and
improvements to the District's existing waterworks
distribution system and for approval of related
financing.**

RECOMMENDED DECISION

On March 3, 2009, Short Line Public Service District (District) filed with the West Virginia Public Service Commission (Commission) an application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system and for approval of the project financing. The District proposed to construct two (2) new 151,000-gallon water storage tanks to replace its existing 250,000-gallon Jay Farm water storage tank. The project also included demolition of the old storage tank; site work; construction of an access road and restoration; fencing; and all valves and appurtenances. The project was estimated to cost \$600,000 and was reviewed by the West Virginia Infrastructure and Jobs Development Council (WV IJDC). The project will be financed through a loan in the amount of \$600,000 from the WV IJDC, at an annual interest rate of 0%, for a term of forty (40) years.

On March 4, 2009, the Commission issued a Notice of Filing Order, which required that the Applicant give notice of the filing of its application by publishing a copy of the Notice of Filing, once in newspapers, duly qualified by the Secretary of State, published and of general circulation in Harrison County and Wetzel County, West Virginia, making due return to the Public Service Commission of proper certification of publication immediately after publication. The March 4, 2009 Order stated that anyone desiring to protest or intervene should file a written protest or notice of intervention within thirty (30) days following the date of publication of the March 4, 2009 Order, unless otherwise modified by Commission Order. The March 4, 2009 Notice of Filing also advised the public that failure to timely protest or intervene could affect the right to protest aspects of the

certificate case, including any associated rate increases, or to participate in future proceedings. In conclusion, the Notice of Filing stated that, if no protests were received within the thirty (30) day period, the Commission could waive formal hearing and grant the application based on the Commission's review of the evidence submitted with the application.

On March 12, 2009, the District's attorney notified the Commission of a typographical error in the Notice of Filing and requested that the Commission issue a revised Notice of Filing.

On March 12, 2009, the Commission issued an Amended Notice of Filing.

By Commission Referral Order issued in this matter on March 19, 2009, this case was referred to the Division of Administrative Law Judges. The Division of Administrative Law Judges was ordered to render a decision in this matter on or before July 16, 2009, if no public protests to the application were received within thirty (30) days after the Notice of Filing was published. However, if protests were received, the Division of Administrative Law Judges was ordered to render its decision on or before September 29, 2009.

On April 1, 2009, Staff Attorney Chris Howard, of the Commission's Legal Division, filed the Initial Joint Staff Memorandum, along with the Initial Staff Internal Memorandum, prepared by Utilities Analyst Sandy Mitchell and Utilities Analyst Pamela Latocha, of the Commission's Water and Wastewater Division, and Technical Analyst Joe Marakovits, of the Commission's Engineering Division. Staff reported that its review of this matter was ongoing and that a final written recommendation would be filed within the Commission's internal case processing time frame. Staff recommended that the case be referred to the Division of Administrative Law Judges for resolution.

On April 3, 2009, the District filed two (2) affidavits of publication verifying that the Amended Notice of Filing, issued by the Commission on March 12, 2009, had been published, as ordered. The affidavits demonstrated that the Amended Notice of Filing was published in the *Wetzel Chronicle* on March 25, 2009, and in *The Exponent Telegram* on March 25, 2009.

On May 22, 2009, Staff Attorney Howard filed the Final Joint Staff Memorandum along with the Final Staff Internal Memorandum, prepared by Utilities Analyst Mitchell, Utilities Analyst Latocha and Technical Analyst Marakovits. Staff made the following recommendations:

- (1) The District's application for a certificate of convenience and necessity to construct two (2) new 151,000-gallon water storage tanks and related upgrades and improvements be approved;
- (2) The proposed project funding, consisting of a loan from the WV IJDC in the amount of \$600,000, at an annual interest rate of 0%, for a term of forty (40) years be approved;
- (3) Approval of a 2.95% across-the-board increase in the District's current rates and charges, as set forth in the Staff Recommended Tariff;

(4) Approval of the rates and charges set forth in the Staff Recommended Tariff (Schedule 4, Final Staff Internal Memorandum);

(5) Since this project has already been approved by the WV IJDC, the District be required to seek Commission approval of any changes in the plans or scope of the project;

(6) The District be required to seek Commission approval should there be changes in the rates to be charged associated with this project;

(7) Provided project-related rates remain unchanged, the District should not be required to seek further Commission approval of changes in project costs or financing. However, under such circumstances, the District should be required to file an affidavit, executed by its Certified Public Accountant, verifying that rates and charges are not affected;

(8) The District provide a copy of the Engineer's certified bid tabulation(s) for all contracts to be awarded for this project as soon as they become available; and

(9) The District submit a copy to the Commission of the Certificate of Substantial Completion issued for each construction contract associated with the project as soon as they become available.

On May 29, 2009, the District's attorney filed a letter with the Commission in which he advised that the District had no objections to any of the recommendations contained in the Final Joint Staff Memorandum or the Final Staff Internal Memorandum, filed in this matter on May 22, 2009.

DISCUSSION

Commission Staff recommended approval of Short Line Public Service District's certificate application on May 22, 2009. That recommendation, along with several related recommendations, was detailed in Staff's Final Joint Staff Memorandum. These written recommendations were provided to the District by the Commission's Executive Secretary, by mail. In a cover letter accompanying the Staff memoranda, the District was advised that, "If you wish to respond to the enclosed Staff memorandum, you may do so in writing, within 10 days, unless directed otherwise, of this date." Also, the cover letter explained that, "Your failure to respond in writing to the utility's answer, Staff's recommendations, or other documents may result in a decision in your case based on your original filing and the other documents in the case file, without further hearing or notice."

The record in this case reflects that the District notified the Public Service Commission on May 29, 2009, that it had no objections to any of the recommendations contained in the Staff's final memoranda and that the District supported Staff's recommendations. The undersigned notes that there was an error in the text of the municipal excise tax provision of Schedule III of both the District's existing and the Staff-recommended tariffs. That error has been corrected herein.

The Commission issued an original Notice of Filing in this case which was subsequently amended on March 12, 2009. The Amended Notice of Filing required that the District publish the Amended Notice of Filing as a Class I legal advertisement in newspapers published and of general circulation in Harrison County and Wetzel County, West Virginia. The District filed affidavits of publication on April 3, 2009, which demonstrated that the Amended Notice of Filing was published as a Class I legal advertisement on March 25, 2009 in *The Exponent Telegram*, a newspaper published and of general circulation in Harrison County, West Virginia, and as a Class I legal advertisement on March 25, 2009, in the *Wetzel Chronicle*, a newspaper published and of general circulation in Wetzel County, West Virginia. The thirty (30) day public protest period provided for in the Amended Notice of Filing has expired and, as of the date of this Recommended Decision, no public protests have been received by the Public Service Commission.

FINDINGS OF FACT

1. Short Line Public Service District filed this application with the Public Service Commission for a certificate of convenience and necessity to construct certain specific upgrades and improvements to its existing water distribution system, which serves customers in Harrison County and Wetzel County, West Virginia. The project proposed by the District included the construction of two (2) 151,000-gallon water storage tanks to replace its existing 250,000-gallon Jay Farm water storage tank. The project also included demolition of the existing Jay Farm water storage tank; site work; access road construction and restoration; fencing; and installation of all necessary valves and appurtenances. The total estimated project cost is \$600,000 and the project proposal was reviewed by the West Virginia Infrastructure and Jobs Development Council. (See, March 3, 2009 filing).

2. An Amended Notice of Filing was issued to Short Line Public Service District by the Public Service Commission on March 12, 2009, which detailed the proposed project and rates and notified the public that anyone desiring to protest or intervene in this matter should file a written protest or notice of intervention within thirty (30) days following the date of publication of the Notice of Filing. The Notice of Filing required that it be published by the District once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County, West Virginia, and once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wetzel County, West Virginia. The Notice of Filing also advised the public that failure to timely protest or intervene could affect the right to protest aspects of the certificate case, including any associated rate increases, or the right to participate in future proceedings. (See, Amended Notice of Filing issued March 12, 2009).

3. Short Line Public Service District published the Amended Notice of Filing regarding this certificate application in *The Exponent Telegram*, a newspaper of general circulation, published in the City of Clarksburg, Harrison County, West Virginia, on March 25, 2009, and in the *Wetzel Chronicle*, a newspaper of general circulation, published in New Martinsville, Wetzel County, West Virginia, on March 25, 2009. (See, April 3, 2009 filing).

4. The total estimated project cost is \$600,000 and will be financed by a loan in the amount of \$600,000 from the West Virginia Infrastructure and Jobs Development Council, at an annual interest rate of 0%, for a term of forty (40) years. (See, certificate application filed March 3, 2009).

5. The existing 250,000-gallon Jay Farm water storage tank has deteriorated to the point of being unusable and unsalvageable. Staff concluded that the benefits of replacing the existing water storage tank with two (2) smaller tanks included the ability for the District to take one tank out of service for maintenance, when necessary, with no interruptions in water service to customers, and an increase in storage capacity of approximately 50,000 gallons. The distribution system's total storage capacity would increase to 700,000 gallons. (See, Final Joint Staff Memorandum, Final Staff Internal Memorandum and attachments, filed May 22, 2009).

6. Operation and maintenance expenses are not expected to increase as a result of this project because the two (2) new tanks will simply replace an old existing water storage tank. (See, Final Joint Staff Memorandum, Final Staff Internal Memorandum and attachments, filed May 22, 2009).

7. The District's cash flow analysis demonstrated a going-level cash flow surplus of \$36.00. (See, Final Joint Staff Memorandum, Final Staff Internal Memorandum, Attachment 5 - Cash Flow Analysis).

8. The District's current rates and charges do not generate a level of revenue sufficient to offset the various costs and expenses associated with the construction, operation and maintenance of its water distribution system, once the upgrades and improvements proposed by the District in this certificate application have been completed. (See, Final Joint Staff Memorandum, Final Staff Internal memorandum and attachments, filed May 22, 2009).

9. The Staff-recommended rates and charges for providing public water service associated with this case will generate a cash flow surplus of \$14,824 and a debt service coverage ratio of 120.87%. (See, Final Joint Staff Memorandum, Final Staff Internal Memorandum-Attachment 5, Cash Flow Analysis, filed May 22, 2009).

10. Staff recommended approval of the District's certificate application; approval of the proposed project funding; and approval of a 2.95% across-the-board increase to the District's current rates and charges. (See, Final Joint Staff Memorandum, Final Staff Internal Memorandum and attachments, filed May 22, 2009).

11. As of the date of this Recommended Decision, no public protests have been received by the Public Service Commission regarding the District's certificate application, the project funding or the rate increase associated with the proposed project. (See, case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require construction of the two (2) 151,000-gallon water storage tanks, and related upgrades and improvements, proposed in Short Line Public Service District's certificate application filed herein on March 3, 2009.
2. It is reasonable to grant Short Line Public Service District's application for a certificate of public convenience and necessity to construct two (2) 151,000-gallon water storage tanks to serve its customers located in Harrison County, West Virginia and Wetzel County, West Virginia.
3. It is reasonable to approve the financing proposed by the District for this project, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$600,000, at an annual interest rate of 0%, for a term of forty (40) years.
4. The District's current rates, approved by the West Virginia Public Service Commission in Case No. 08-0810-PWD-19A, are not sufficient to cover the District's operation and maintenance expenses, taxes, debt service requirements and capital additions, including those increases resulting from the project certificated herein.
5. The Staff-recommended rates and charges, attached hereto as Appendix A, are sufficient, but not more than sufficient, to cover all of the District's operation and maintenance expenses, taxes, debt service requirements and capital additions, including those increases resulting from the project certificated herein.
6. The District substantially complied with the notice requirements set forth in Rule 10.3.d. of the Commission's *Rules of Practice and Procedure*.

ORDER

IT IS, THEREFORE, ORDERED that the certificate application filed herein on March 3, 2009, by Short Line Public Service District, for a certificate of convenience and necessity to construct the specific upgrades and improvements to its existing water distribution system, located in Harrison and Wetzel Counties, West Virginia, detailed in its application, be, and hereby is, granted.

IT IS FURTHER ORDERED that the financing for the project, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$600,000, at an annual interest rate of 0%, for a term of 40 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the rates and charges set forth in Appendix A, attached hereto, be, and hereby are, approved for use by Short Line Public Service District, upon substantial completion of the project certificated in this case. No later than thirty (30) days from the date the

instant project is certified as substantially completed, the District shall file an original and no less than five (5) copies of a revised tariff containing the rates and charges approved herein.

IT IS FURTHER ORDERED that Short Line Public Service District submit to the Public Service Commission a Certificate of Substantial Completion from its professional engineer for each contract associated with this water distribution system upgrade and improvement project, as soon as each one becomes available.

IT IS FURTHER ORDERED that Short Line Public Service District submit to the Public Service Commission a copy of the engineer's certified tabulation of bids for each construction contract or vendor bid contract awarded for this project, within ten (10) days of the bid opening date.

IT IS FURTHER ORDERED that, should there be any changes in the scope, plans, or financing of the project, or if a change in project cost affects the project's rates (either increases or decreases), Short Line Public Service District obtain Public Service Commission approval of such changes, prior to commencing construction.

IT IS FURTHER ORDERED that, if there is a change in project cost that does not affect rates, Short Line Public Service District is not required to obtain Public Service Commission approval of such change. However, in such case, Short Line Public Service District shall file an affidavit with the Public Service Commission, duly executed by its Certified Public Accountant, verifying that rates are not affected.

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

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

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Recommended Decision upon all parties of record by United States Certified mail, return receipt requested, and upon the Commission by hand delivery.

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

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

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



Cecelia Gail Jarrell
Administrative Law Judge

CGJ:s:cdk:bam
090208a.wpd

**SHORT LINE PUBLIC SERVICE DISTRICT
CASE NO. 09-0208-PWD-CN**

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served, with the exception of the Jones Run area.

AVAILABILITY OF SERVICE

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

RATES (customers with metered water supply)

First	3,000 gallons used per month	\$9.04 per thousand gallons
Next	3,000 gallons used per month	\$8.62 per thousand gallons
Next	4,000 gallons used per month	\$8.18 per thousand gallons
Next	15,000 gallons used per month	\$7.78 per thousand gallons
All over	25,000 gallons used per month	\$6.50 per thousand gallons

MINIMUM CHARGE

5/8 inch meter	\$ 27.12 per month
3/4 inch meter	\$ 40.68 per month
1 inch meter	\$ 67.80 per month
1-1/2 inch meter	\$ 135.60 per month
2 inch meter	\$ 216.96 per month
3 inch meter	\$ 433.92 per month
4 inch meter	\$ 678.00 per month
6 inch meter	\$1,356.00 per month

DELAYED PAYMENT PENALTY

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

RECONNECTION CHARGE - \$15.00

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

TAP FEE

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

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

**SHORT LINE PUBLIC SERVICE DISTRICT
CASE NO. 09-0208-PSD-CN**

SCHEDULE II

APPLICABILITY

Applicable within the Jones Run area.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial water service.

RATES (customers with metered water supply)

First	3,000 gallons used per month	\$10.05 per thousand gallons
Next	3,000 gallons used per month	\$ 9.56 per thousand gallons
Next	4,000 gallons used per month	\$ 9.08 per thousand gallons
Next	15,000 gallons used per month	\$ 8.62 per thousand gallons
All over	25,000 gallons used per month	\$ 7.18 per thousand gallons

MINIMUM CHARGE

No bill will be rendered for less than the following, according to the size of meter installed:

5/8 inch meter	\$ 30.15 per month
3/4 inch meter	\$ 45.23 per month
1 inch meter	\$ 75.38 per month
1-1/4 inch meter	\$ 110.05 per month
1-1/2 inch meter	\$ 150.75 per month
2 inch meter	\$ 241.20 per month
3 inch meter	\$ 482.40 per month
4 inch meter	\$ 753.75 per month
6 inch meter	\$1,507.50 per month
8 inch meter	\$2,412.00 per month

DELAYED PAYMENT PENALTY

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

RECONNECTION CHARGE - \$15.00

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

TAP FEE

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

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

SHORT LINE PUBLIC SERVICE DISTRICT
CASE NO. 09-0208-PSD-CN

SCHEDULE III

APPLICABILITY

Applicable within the entire territory served.

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below, having imposed a public utility tax computed on the basis of two percent of revenues from water sales by the District within the corporate limits of such municipality, said tax shall be billed as a surcharge to the customers receiving service within said corporate limits.

The water utility is required to collect the utility tax pursuant to West Virginia Code §8-13-5a.

Customers receiving water service within the corporate limits of the specified municipality shall pay a surcharge based on the following surcharge rates:

Municipality: Town of Smithfield Utility Excise Tax 2%

RETURNED CHECK CHARGE

If a check is returned by the bank for any reason, the bank's charge to Short Line Public Service District shall be the District's charge to the customer for such a bad check, but such charge to customers shall not exceed \$25.00.

LEAK ADJUSTMENT

\$3.64 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.



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

Writer's Contact Information
(304) 353-8148 -- Telephone
(304) 353-8180 -- Facsimile
todd.swanson@step-toe-johnson.com

April 3, 2008

VIA HAND DELIVERY

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

RECEIVED
09 APR - 3 AM 11: 56
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Re: CASE NO.: 09-0208-PWD-CN
**SHORT LINE PUBLIC SERVICE DISTRICT,
HARRISON COUNTY, WEST VIRGINIA**

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

Dear Ms. Squire:

Enclosed herein for filing in the above captioned certificate case and on behalf of Short Line Public Service District, please find an original and twelve (12) copies of two affidavits of publication verifying that the Notice of Filing was published on March 25, 2009 in the *Wetzel Chronicle* and *The Exponent Telegram*.

I ask that you please file the enclosed affidavits of publication and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8148.

Sincerely,

A handwritten signature in black ink, appearing to read 'T M Swanson'.

Todd M. Swanson
WVSB No. 10509

TMS

Enclosures

cc: Eugene Rogers, Chairman (w/ enclosure)
Matthew Fluharty, P.E. (w/o enclosure)

820440.00004

CH5122470.1

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE

VICE COMMISSION OF WEST VIRGINIA in the CITY of Charleston on the 12th day of March 2009

CASE NO. 09-0208-PWD-CN

SHORT LINE PUBLIC SERVICE DISTRICT
Post Office Box 188
Wallace, WV 26448

Application for a certificate of convenience and necessity to construct certain additions and improvements to the District's existing waterworks distribution system and for approval of related financing.

AMENDED NOTICE OF FILING

On March 3, 2009, Short Line Public Service District ("District") filed an application, duly verified, for a Certificate to construct certain additions, improvements and extensions to its existing waterworks distribution system which is located in Harrison County and Wetzel County, West Virginia. The application is on file with and available for public inspection at the Public Service Commission, 2011 Brooks Street in Charleston, West Virginia.

The District estimates that construction is not expected to exceed \$600,000.00. It is proposed that construction will be financed by a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$600,000.00 for a period of forty years at 0%.

The District proposes to construct certain additions, betterments and improvements to its existing waterworks facilities, consisting of replacement of the Jay Farm water storage tank, repainting of the Brown and Folsom water storage tanks, constructing a control valve station and replacing waterline along Bennett Run and Flag Run, and necessary appurtenances relating thereto. (Project)

The District anticipates charging its water customers the following rates:

WETZEL CHRONICLE

New Martinsville, WV March 25, 2009

State of West Virginia, County of Wetzel:

Personally appeared before the undersigned, a Notary Public, Brian Clutter who, being duly sworn,

states that he is the manager of the Wetzel Chronicle, a weekly newspaper of general circulation, published at New Martinsville, County of Wetzel, State of West Virginia, and that a copy of the notice attached hereto was published for.....1.....successive weeks in the Wetzel Chronicle, beginning on the 25 day of March, 2009 and ending on the 25 day of March, 2009.

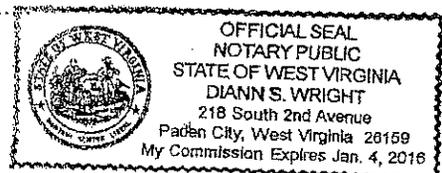
Brian Clutter
Manager, Wetzel Chronicle

Subscribed and sworn to before me, a Notary Public of said County, on this 25 day of March, 2009.

Diann S. Wright Notary Public

My commission expires on the 4th day of January, 2016.

Printers Fee.....



SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served with the exception of the Jones Run area.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial water service.

RATES (customers with metered water supply)

First 3,000 gallons used per month \$9.09 per thousand gallons

Next 3,000 gallons used per month \$8.66 per thousand gallons

Next 4,000 gallons used per month \$8.23 per thousand gallons

Next 45,000 gallons used per month \$7.82 per thousand gallons

All over 25,000 gallons used per month \$6.53 per thousand gallons

MINIMUM CHARGE

5/8 inch meter \$27.27 per month

3/4 inch meter \$40.89 per month

1 inch meter \$58.47 per month

1 1/2 inch meter \$86.32 per month

2 inch meter \$113.12 per month

3 inch meter \$158.96 per month

4 inch meter \$251.40 per month

6 inch meter \$363.24 per month

DELAYED PAYMENT PENALTY

The above schedule shall be applied to all accounts not paid in full on the due date. A penalty of one percent per month will be added to the net current amount due. This penalty is not interest and will be collected only once for each bill where the bill is not paid in full.

RECONNECTION FEE \$15.00

This charge will be applied to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

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

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RECONNECTION FEE \$15.00

This charge will be applied to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

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

SCHEDULE 2

APPLICABILITY

Applicable within the Jones Run area.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial water service.

RATES (customers with metered water supply)

First 3,000 gallons used per month \$9.76 per thousand gallons

Next 3,000 gallons used per month \$9.29 per thousand gallons

Next 4,000 gallons used per month \$8.92 per thousand gallons

Next 15,000 gallons used per month \$8.37 per thousand gallons

All over 25,000 gallons used per month \$6.97 per thousand gallons

MINIMUM CHARGE

5/8 inch meter \$27.27 per month

3/4 inch meter \$40.89 per month

1 inch meter \$58.47 per month

1 1/2 inch meter \$86.32 per month

2 inch meter \$113.12 per month

3 inch meter \$158.96 per month

4 inch meter \$251.40 per month

6 inch meter \$363.24 per month

DELAYED PAYMENT PENALTY

The above schedule shall be applied to all accounts not paid in full on the due date. A penalty of one percent per month will be added to the net current amount due. This penalty is not interest and will be collected only once for each bill where the bill is not paid in full.

RECONNECTION FEE \$15.00

This charge will be applied to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

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RECONNECTION FEE \$15.00

This charge will be applied to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

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RECONNECTION FEE \$15.00
This charge will be applied to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

TAP FEE

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

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

SCHEDULE 3

APPLICABILITY

Applicable within the entire territory served.

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below having imposed public utility tax computed on the basis of two percent of revenues from water sales by the Town of Smithfield water utility within the corporate limits of such municipality, said tax shall be billed as a surcharge to the customers receiving service within the corporate limits.

The water utility is required to collect the utility tax pursuant to West Virginia Code 88-16-5.

Customers receiving water service within the corporate limits of the specified municipality shall pay a surcharge based on the following surcharge rates:

Municipality: Town of Smithfield
Utility Excise Tax: 2%

RETURNED CHECK CHARGE

If a check is returned by the bank for any reason, the bank's charge to Short Line Public Service District shall be the District's charge to the customer for such a bad check but such charge to customers shall not exceed \$25.00.

LEAK ADJUSTMENT

\$9.64 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

There are no resale customers of the District.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than shown. Furthermore, the proposed rates and charges are only a proposal and are subject to change. Increases or decreases by the Public Service Commission must be reviewed by this

Pursuant to West Virginia Code 824-2-11, it is ORDERED that the Short Line Public Service District give notice of the filing of said application by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Harrison County and Wetzel County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 8-12, Charleston, West Virginia 25329.

IT IS FURTHER ORDERED that if no protests are received within said thirty day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

Sandra Squire
Executive Secretary
3-29
WC 684

tered by the PUBLIC SER
arleston on the 12th day of
SE NO. 09-0208-PWD-CN
PORT LINE PUBLIC SERVIC
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ilace, WV 26448
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March 3, 2009. Show I am
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PUBLISHER'S CERTIFICATE

I, Sara V. Shingleton, Classified
Manager of THE EXPONENT TELEGRAM, a
newspaper of general circulation published in the City
of Clarksburg, County and state aforesaid, do hereby
certify that the annexed:

AMENDED NOTICE OF FILING

was published in THE EXPONENT-TELEGRAM 1
time(s) commencing on

the 25th day of March 2009 and ending on
the 25th day of March 2009 at the request of
STEPTOE & JOHNSON.

Given under my hand this 25th day of March 2009

The publisher's fee for said publication is: \$312.65
for 2,405 words at \$0.13 per word.

Sara V Shingleton

Classified Manager of The Exponent-Telegram



Subscribed to and sworn to before me this 25th day of
March 2009.

Shelley E. Ripple
Notary Public in and for Harrison County, WV

My commission expires on:
The 21 day of July 20 09

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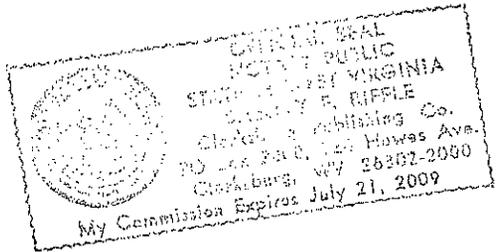
CHOPPERS
LAWN Care Services, Har
& Bus. Free est. Call
(304)564-4852

EVERGREEN LAWN CARE
Residential & commercial
LAWN MOWING, LIC. & Ins.
Call (304)838-0665

GAZE & LANDSCAPING
Mowing, mulching, edging,
Call (304)838-0665

TOM'S HOME REPAIR
Carpenter, Drywall, Paint,
and Remodeling & Roof
ing. WV Lic. #00027540
Call 822-2946 or 822-5404

Rooting and Siding



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Filed by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 12th day of March 2009.
CASE NO: 09-0208-PWD-ON
SHORT LINE PUBLIC SERVICE DISTRICT
1st Office Box 188
Wallace, WV 26448

Application for a certificate of convenience and necessity to construct certain additions and improvements to the District's existing waterworks distribution system and for approval of related financing.

AMENDED NOTICE OF FILING

On March 3, 2009, Short Line Public Service District ("District"), filed an application, duly verified, for a Certificate to construct certain additions, improvements and extensions to its existing waterworks distribution system, which is located in Harrison County and Wetzel County, West Virginia. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street in Charleston, West Virginia. The District estimates that construction is not expected to exceed \$600,000.00. It is proposed that construction will be financed by a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$600,000.00 for a period of forty years at 0%. The District proposes to construct certain additions, betterments and improvements to its existing waterworks facilities, consisting of replacement of the Jay Farm water storage tank, repainting of the Brown and Folsom water storage tanks, constructing a control valve station and replacing waterline along Bennett Run and Flag Run, and necessary appurtenances relating thereto ("Project"). The District anticipates charging its water customers the following rates:

SCHEDULE 1

APPLICABILITY: Applicable within the entire territory served, with the exception of the Jones Run area.

AVAILABILITY OF SERVICE:

Available for general domestic, commercial and industrial water service (ATES - customers with metered water supply).

First 3,000 gallons used per month	\$9.09 per thousand gallons
Next 3,000 gallons used per month	\$8.66 per thousand gallons
Next 4,000 gallons used per month	\$8.23 per thousand gallons
Next 15,000 gallons used per month	\$7.82 per thousand gallons
All over 25,000 gallons used per month	\$6.53 per thousand gallons

MINIMUM CHARGE:

5/8 inch meter	\$ 27.27 per month
3/4 inch meter	\$ 40.89 per month
1 inch meter	\$ 68.17 per month
1 1/2 inch meter	\$ 136.32 per month
2 inch meter	\$ 218.12 per month
3 inch meter	\$ 408.96 per month
4 inch meter	\$ 681.40 per month
6 inch meter	\$ 1,963.21 per month

DELAYED PAYMENT PENALTY:

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

RECONNECTION FEE \$15.00

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

AP FEE:

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

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

SCHEDULE 2

APPLICABILITY: Applicable within the Jones Run area.

AVAILABILITY OF SERVICE:

Available for general domestic, commercial and industrial water service (ATES - customers with metered water supply).

First 3,000 gallons used per month	\$9.76 per thousand gallons
Next 3,000 gallons used per month	\$9.29 per thousand gallons
Next 4,000 gallons used per month	\$8.82 per thousand gallons
Next 15,000 gallons used per month	\$8.37 per thousand gallons
All over 25,000 gallons used per month	\$6.97 per thousand gallons

MINIMUM CHARGE:

no bill will be rendered for less than the following, according to size of meter installed.

5/8 inch meter	\$ 29.26 per month
3/4 inch meter	\$ 43.92 per month
1 inch meter	\$ 73.20 per month
1 1/4 inch meter	\$ 108.88 per month
1 1/2 inch meter	\$ 146.41 per month
2 inch meter	\$ 234.25 per month
3 inch meter	\$ 439.29 per month
4 inch meter	\$ 732.04 per month
6 inch meter	\$ 1,464.09 per month
8 inch meter	\$ 2,342.54 per month

DELAYED PAYMENT PENALTY:

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

RECONNECTION FEE \$15.00

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

AP FEE:

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

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

PUBLISHER'S CERTIFICATE

Sara V. Shingleton, Classified
THE EXPONENT TELEGRAM, a
of general circulation published in the City
of Harrison County and state aforesaid, do hereby
publish the annexed:

AMENDED NOTICE OF FILING

published in **THE EXPONENT-TELEGRAM** 1
commencing on
the day of March 2009 and ending on
the day of March 2009 at the request of
DE & JOHNSON.

in my hand this 25th day of March 2009

the publisher's fee for said publication is: \$312.65
per word at \$0.13 per word.

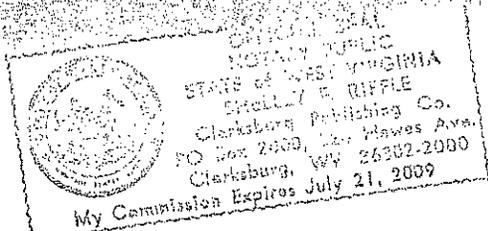
Sara V. Shingleton
Manager of The Exponent-Telegram

SEAL

and sworn to before me this 25th day of

Gregory J. Ruffile
Notary Public and for Harrison County, WV

the certificate expires on:
the day of July 20 09



SCHEDULE 3

APPLICABILITY:

Applicable within the entire territory served.

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below, having imposed public utility tax computed on the basis of two percent of revenues from water sales by the Town of Smithfield water utility within the corporate limits of such municipality, said tax shall be billed as a surcharge to the customers receiving service within the corporate limits.

The water utility is required to collect the utility tax pursuant to West Virginia Code §88-10-5a.

Customers receiving water service within the corporate limits of the specified municipality shall pay a surcharge based on the following surcharge rates:

Municipality: Town of Smithfield Utility	Excise Tax: 2%
--	----------------

RETURNED CHECK CHARGE

If a check is returned by the bank for any reason, the bank's charge to Short Line Public Service District shall be the district's charge to the customer for such a bad check, but such charge to customer shall not exceed \$25.00.

LEAK ADJUSTMENT

\$3.54 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

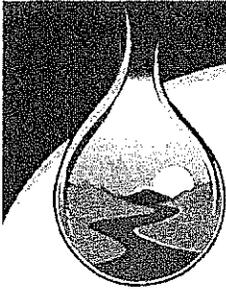
There are no resale customers of the District.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change in increases or decreases by the Public Service Commission in its review of this filing.

Pursuant to W.Va. Code §24-2-11, IT IS ORDERED that the Short Line Public Service District give notice of the filing of said application by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Harrison County and Wetzel County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

A True Copy Teste: Sandra Squire
Executive Secretary



WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

February 26, 2010

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

Eugene Rogers
Short Line Public Service District
P.O. Box 188
Wallace, WV 26448

Re: Short Line Public Service District
Water Project 2006W-915a (Phase I)
Bid Under-run

Dear Mr. Rogers:

The Funding Committee voted on February 26, 2010, to permit the Short Line Public Service District to utilize the \$35,500 bid under-run and reduced contingency amount for fencing and other water system items.

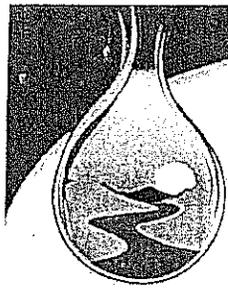
Please contact me if you have any questions concerning this matter.

Sincerely,

Angela K. Chestnut, P.E.
Executive Director

AC:bjp

cc: Bob Decrease, P.E., BPH (w/o enclosure) *(via e-mail)*
Terry Schulte, Harrison County Planning Commission *(via e-mail)*
Matthew W. Fluharty, P.E., Thrasher Engineering, Inc. *(via e-mail)*



WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

June 12, 2008

Kenneth Lowe, Jr.
Public Member

Eugene W. Roger, Chairman
Short Line Public Service District
P.O. Box 188
Wallace, West Virginia 26448

Dwight Calhoun
Public Member

David "Bones" McComas,
Public Member

Re: Short Line Public Service District
Binding Commitment Letter
Water Project 2006W-915a

Ron Justice
Public Member

Jefferson E. Brady, P.E.
Executive Director

Dear Mr. Roger:

Paula Koontz
Administrative Secretary

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan (0%, 40 years) of approximately \$600,000 (the "Loan") to the Short Line Public Service District (the "District") for above referenced water project (the "Project"). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

- a. Submit Plans and Specifications to the Bureau for Public Health by August 30, 2008.
- b. File Certificate Case with the Public Service Commission no later than September 1, 2008.
- c. Submit a Preliminary Title Opinion to the Infrastructure Council no later than January 1, 2009.
- d. Advertise for bids no later than March 1, 2009.

(The District must receive authority from the Infrastructure Council before bidding the project. A pre-bid checklist is attached.)

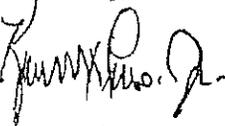
The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Infrastructure Council will enter into Loan with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

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

Sincerely,

Kenneth Lowe, Jr.

Attachments

cc: Matthew Fluharty, P.E., Thrasher Eng.

Eugene W. Roger, Chairman

June 12, 2008

Page 3 of 5

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

Short Line Public Service District

By: _____

Its: _____

Date: _____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Short Line Public Service District
Water Project 2006W-915a
June 12, 2008

SCHEDULE A

- A. Approximate Amount: \$600,000 Loan
- B. Loan: \$600,000
1. Maturity Date: 40 years from date of closing.
 2. Interest Rate: 0%
 3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition
 4. Debt Service Commencement:
The first quarter following completion of construction, which date must be identified prior to closing.
 5. Special Conditions: None
- NOTICE: The terms set forth above are subject to change following the receipt of construction bids.
- C. Total Project Cost: \$600,000

PROJECT SCHEDULE

Project:	Shortline PSD	Funding:	IJDC Loan	\$600,000
County:	Harrison			
Project No.:	2006W-915a			
Date:	February 13, 2008			
			Total Project:	\$600,000

Project Milestone	Responsible Party	Start	Completion
Engineering Agreement	Thrasher / PSD	Complete	Complete
Prepare & Submit Plans & Specs to BPH/DEP	Thrasher	3/1/2008	6/30/2008
Plans & Specs Review & Approval	BPH	6/30/2008	8/30/2008
Prepare & Submit All Permit Applications	Thrasher	3/1/2008	6/30/2008
Prepare Rule 42	Mike Alastanos	5/1/2008	7/1/2008
Prepare & Implement Rate Ordinance	NA	NA	NA
File PSC Certificate Case	Steptoe & Johnson	8/30/2008	8/30/2008
Review and Approve PSC Certificate (180 or 270 days)	PSC	8/30/2008	5/30/2009
Rights-of-way, Easements & Land Acquisition	Steptoe & Johnson	3/1/2008	7/1/2008
Authority to Advertise for Bids	IJDC	3/1/2009	3/1/2009
Advertise for Bids	Thrasher	3/1/2009	4/1/2009
Bid Opening	Thrasher	4/1/2009	4/1/2009
Loan Closing	Steptoe & Johnson	7/1/2009	7/1/2009
Construction	Contractor	7/1/2009	10/1/2009

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 6th day of April, 2010, 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 Short Line Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$600,000, numbered AR-1 (the "Series 2010 A Bonds"), issued as a single, fully registered Bond, and dated April 6, 2010.

2. At the time of such receipt, all the Series 2010 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2010 A Bonds, of \$111,667.96, being a portion of the principal amount of the Series 2010 A Bonds. The balance of the principal amount of the Series 2010 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Carol A. Cummings
Its: Authorized Representative

SHORT LINE PUBLIC SERVICE DISTRICT

By: [Signature]
Its: Chairman

03.08.10
820440.00003

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

On this 6th day of April, 2010, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Short Line Public Service District Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), in the principal amount of \$600,000 (the "Series 2010 A Bonds"), dated April 6, 2010 (the "Bonds"), executed by the Chairman and Secretary of Short Line Public Service District (the "Issuer") and bearing the official seal of the Issuer authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on March 25, 2010, and a Supplemental Resolution duly adopted by the Issuer on March 25, 2010 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2010 A Bonds, dated April 6, 2010, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Series 2010 A Bonds to the Authority upon payment to the Issuer of the sum of \$111,667.96, representing a portion of the principal amount of the Series 2010 A Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

SHORT LINE PUBLIC SERVICE DISTRICT

By:  _____
Its: Chairman

03.08.10
820440.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SHORT LINE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$600,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 6th day of April, 2010, SHORT LINE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SIX HUNDRED THOUSAND DOLLARS (\$600,000), 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 June 1, 2011, to and including March 1, 2050 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated April 6, 2010.

This Bond is issued to (i) pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) fund the Series 2010 A Bonds Reserve Account; and (iii) pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on March 25, 2010, and a Supplemental Resolution duly adopted by the Issuer on March 25, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled

to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER SYSTEM REVENUE BONDS, SERIES 1973 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 1973 A BONDS"); (2) WATER SYSTEM REVENUE BONDS, SERIES 1973 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$137,000 (THE "SERIES 1973 B BONDS"); (3) WATER SYSTEM REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 12, 1974, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$33,500 (THE "SERIES 1974 BONDS"); (4) WATER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 9, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$120,000 (THE "SERIES 1991 BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 24, 2005, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,274,183 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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, SHORT LINE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

[Signature]

Chairman

SPECIMEN

ATTEST:

[Signature]

Secretary

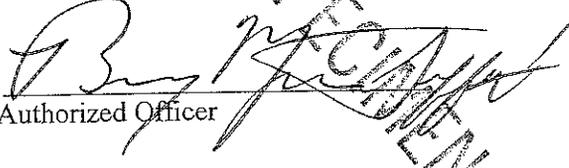
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 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: April 6, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar


Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$111,667.96	April 6, 2010	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE
Short Line PSD
IF
0% Interest Rate
40 Years from Closing Date

Dated Date 4/6/2010
Delivery
Date 4/6/2010

Period Ending	Principal	Interest	Debt Service
4/6/2010			
6/1/2011	3,847		3,847
9/1/2011	3,847		3,847
12/1/2011	3,847		3,847
3/1/2012	3,847		3,847
6/1/2012	3,847		3,847
9/1/2012	3,847		3,847
12/1/2012	3,847		3,847
3/1/2013	3,847		3,847
6/1/2013	3,847		3,847
9/1/2013	3,847		3,847
12/1/2013	3,847		3,847
3/1/2014	3,847		3,847
6/1/2014	3,847		3,847
9/1/2014	3,847		3,847
12/1/2014	3,847		3,847
3/1/2015	3,847		3,847
6/1/2015	3,847		3,847
9/1/2015	3,847		3,847
12/1/2015	3,847		3,847
3/1/2016	3,847		3,847
6/1/2016	3,847		3,847
9/1/2016	3,847		3,847
12/1/2016	3,847		3,847
3/1/2017	3,846		3,846
6/1/2017	3,846		3,846
9/1/2017	3,846		3,846
12/1/2017	3,846		3,846
3/1/2018	3,846		3,846
6/1/2018	3,846		3,846
9/1/2018	3,846		3,846
12/1/2018	3,846		3,846
3/1/2019	3,846		3,846
6/1/2019	3,846		3,846
9/1/2019	3,846		3,846
12/1/2019	3,846		3,846
3/1/2020	3,846		3,846
6/1/2020	3,846		3,846
9/1/2020	3,846		3,846
12/1/2020	3,846		3,846
3/1/2021	3,846		3,846
6/1/2021	3,846		3,846
9/1/2021	3,846		3,846
12/1/2021	3,846		3,846

BOND DEBT SERVICE
 Short Line PSD
 JF
 0% Interest Rate
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2022	3,846		3,846
6/1/2022	3,846		3,846
9/1/2022	3,846		3,846
12/1/2022	3,846		3,846
3/1/2023	3,846		3,846
6/1/2023	3,846		3,846
9/1/2023	3,846		3,846
12/1/2023	3,846		3,846
3/1/2024	3,846		3,846
6/1/2024	3,846		3,846
9/1/2024	3,846		3,846
12/1/2024	3,846		3,846
3/1/2025	3,846		3,846
6/1/2025	3,846		3,846
9/1/2025	3,846		3,846
12/1/2025	3,846		3,846
3/1/2026	3,846		3,846
6/1/2026	3,846		3,846
9/1/2026	3,846		3,846
12/1/2026	3,846		3,846
3/1/2027	3,846		3,846
6/1/2027	3,846		3,846
9/1/2027	3,846		3,846
12/1/2027	3,846		3,846
3/1/2028	3,846		3,846
6/1/2028	3,846		3,846
9/1/2028	3,846		3,846
12/1/2028	3,846		3,846
3/1/2029	3,846		3,846
6/1/2029	3,846		3,846
9/1/2029	3,846		3,846
12/1/2029	3,846		3,846
3/1/2030	3,846		3,846
6/1/2030	3,846		3,846
9/1/2030	3,846		3,846
12/1/2030	3,846		3,846
3/1/2031	3,846		3,846
6/1/2031	3,846		3,846
9/1/2031	3,846		3,846
12/1/2031	3,846		3,846
3/1/2032	3,846		3,846
6/1/2032	3,846		3,846
9/1/2032	3,846		3,846
12/1/2032	3,846		3,846
3/1/2033	3,846		3,846
6/1/2033	3,846		3,846
9/1/2033	3,846		3,846
12/1/2033	3,846		3,846

BOND DEBT SERVICE
Short Line PSD
IF
0% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2034	3,846		3,846
6/1/2034	3,846		3,846
9/1/2034	3,846		3,846
12/1/2034	3,846		3,846
3/1/2035	3,846		3,846
6/1/2035	3,846		3,846
9/1/2035	3,846		3,846
12/1/2035	3,846		3,846
3/1/2036	3,846		3,846
6/1/2036	3,846		3,846
9/1/2036	3,846		3,846
12/1/2036	3,846		3,846
3/1/2037	3,846		3,846
6/1/2037	3,846		3,846
9/1/2037	3,846		3,846
12/1/2037	3,846		3,846
3/1/2038	3,846		3,846
6/1/2038	3,846		3,846
9/1/2038	3,846		3,846
12/1/2038	3,846		3,846
3/1/2039	3,846		3,846
6/1/2039	3,846		3,846
9/1/2039	3,846		3,846
12/1/2039	3,846		3,846
3/1/2040	3,846		3,846
6/1/2040	3,846		3,846
9/1/2040	3,846		3,846
12/1/2040	3,846		3,846
3/1/2041	3,846		3,846
6/1/2041	3,846		3,846
9/1/2041	3,846		3,846
12/1/2041	3,846		3,846
3/1/2042	3,846		3,846
6/1/2042	3,846		3,846
9/1/2042	3,846		3,846
12/1/2042	3,846		3,846
3/1/2043	3,846		3,846
6/1/2043	3,846		3,846
9/1/2043	3,846		3,846
12/1/2043	3,846		3,846
3/1/2044	3,846		3,846
6/1/2044	3,846		3,846
9/1/2044	3,846		3,846
12/1/2044	3,846		3,846
3/1/2045	3,846		3,846
6/1/2045	3,846		3,846
9/1/2045	3,846		3,846
12/1/2045	3,846		3,846

Short Line PSD
 IF
 0% Interest Rate
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2046	3,846		3,846
6/1/2046	3,846		3,846
9/1/2046	3,846		3,846
12/1/2046	3,846		3,846
3/1/2047	3,846		3,846
6/1/2047	3,846		3,846
9/1/2047	3,846		3,846
12/1/2047	3,846		3,846
3/1/2048	3,846		3,846
6/1/2048	3,846		3,846
9/1/2048	3,846		3,846
12/1/2048	3,846		3,846
3/1/2049	3,846		3,846
6/1/2049	3,846		3,846
9/1/2049	3,846		3,846
12/1/2049	3,846		3,846
3/1/2050	3,847		3,847
	600,000		600,000

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of:



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

Writer's Contact Information

April 6, 2010

Short Line Public Service District
Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

Short Line Public Service District
Wallace, 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 Short Line 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 \$600,000 Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated April 6, 2010, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2011, to and including March 1, 2050, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) funding the Series 2010 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on March 25, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 25, 2010 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (1) Water System Revenue Bonds, Series 1973 A (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$500,000 (the "Series 1973 A Bonds"); (2) Water System Revenue Bonds, Series 1973 B (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$137,000 (the "Series 1973 B Bonds"); (3) Water System Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 12, 1974, issued in the original principal amount of \$33,500 (the "Series 1974 Bonds"); (4) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated May 9, 1991, issued in the original aggregate principal amount of \$120,000 (the "Series 1990 Bonds"); and (5) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 24, 2005, issued in the original aggregate principal amount of \$1,274,183 (the "Series 2005 A Bonds") (collectively, the "Prior 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 the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

A handwritten signature in cursive script that reads "Steptoe & Johnson PLLC". The signature is written in black ink and is positioned above the printed name of the firm.

STEPTOE & JOHNSON PLLC



Chase Tower, Sixth Floor
P.O. Box 2190
Clarksburg, WV 26302-2190
(304) 624-8000 (304) 624-8183 Fax
www.steptoe-johnson.com

Writer's Contact Information
(304) 624-8125
Writer's Direct Facsimile
(304) 626-4760
Writer's E-Mail Address
randy.light@steptoe-johnson.com

April 6, 2010

Short Line Public Service District
Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

Short Line Public Service District
Wallace, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Step toe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Short Line Public Service District, a public service district, in Harrison County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2010 A Bonds dated April 6, 2010, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on March 25, 2010, as supplemented by the Supplemental Resolution duly adopted by the Issuer on March 25, 2010 (collectively, the "Bond Legislation"), orders of The County Commission of Harrison County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are 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 Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Harrison County, the Bureau of Public Health, 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, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated July 15, 2009, which became a Final Order on August 4, 2009 in Case No.09-0208-PWD-CN, approving the financing for the Project and approving the rates for the System. The time for appeal of the Commission Order has expired prior to the date hereof without any appeal.

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

8. Prior to the execution of construction contracts by the Issuer, we will ascertain that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. We will also verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, we will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of

Short Line Public Service District, et al.

April 6, 2010

Page 3

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.

Very truly yours,

STEPTOE & JOHNSON PLLC

A handwritten signature in black ink, appearing to read "Randall C. Zyt". The signature is written in a cursive style with a large, stylized initial "R".

RCL:pjg

03.08.10

820440.00003



Chase Tower, Sixth Floor
P.O. Box 2190
Clarksburg, WV 26302-2190
(304) 624-8000 (304) 624-8183 Fax
www.steptoeljohnson.com

Writer's Contact Information
(304) 624-8125
Writer's Direct Facsimile
(304) 626-4760
Writer's E-Mail Address
randy.light@steptoeljohnson.com

April 6, 2010

West Virginia Infrastructure and Jobs Development Council
180 Association Drive
Charleston, WV 25311

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

Re: Short Line Public Service District
Jay Farm Tank Replacement, Final Title Opinion

Ladies and Gentlemen:

This firm represents Short Line Public Service District (the "District") with regard to a proposed project to construct two water storage tanks to replace Jay Farm Tank, together with all appurtenant facilities (the "Project"), and provides this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the financing proposed for the Project. Please be advised of the following:

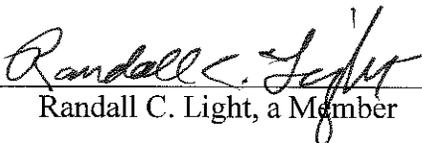
1. That we are of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.
2. That the District has obtained approval for all necessary permits and approvals for the construction of the Project including the approval of the Public Service Commission of West Virginia and a permit from the West Virginia Environmental Health Services. According to Thrasher Engineering, Inc., no other permits are required.
3. That we have investigated and ascertained the location of and are 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 Thrasher Engineering, Inc., the consulting engineers for the Project.

4. That we have examined the records on file in the Office of the Clerk of the County Commission of Harrison County, West Virginia, the county in which the Project is to be located, and, in our opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the necessary property rights sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

5. That any deeds or other documents which have been acquired by the District for the Project have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the District.

Sincerely,

STEPTOE & JOHNSON PLLC

By  _____
Randall C. Light, a Member

RCL:pjg
820440.00001

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Short Line Public Service District in Harrison County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify on this the 6th day of April, 2010, in connection with the Issuer's Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted March 25, 2010, and the Supplemental Resolution duly adopted March 25, 2010 (collectively, the "Bond Legislation").

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

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

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

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge and source of and security for payment, being the (1) Water System Revenue Bonds, Series 1973 A (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$500,000 (the "Series 1973 A Bonds"); (2) Water System Revenue Bonds, Series 1973 B (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$137,000 (the "Series 1973 B Bonds"); (3) Water System Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 12, 1974, issued in the original principal amount of \$33,500 (the "Series 1974 Bonds"); (4) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated May 9, 1991, issued in the original aggregate principal amount of \$120,000 (the "Series 1990 Bonds"); and (5) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 24, 2005, issued in the original aggregate principal amount of \$1,274,183 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

5. **CERTIFICATION OF COPIES OF DOCUMENTS:** The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and

complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Series 2010 A Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

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

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes on Organizational Meeting

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

Environmental Health Services Permit

Evidence of Insurance

Prior Bond and Supplemental Resolutions

RUS Consent to Parity

WDA Consent to Parity

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

Name	Date of Commencement of Office	Date of Termination of Office
Eugene W. Rogers	February 25, 2010	February 25, 2016
Don Wikert	October 23, 2009	October 23, 2015
Gary Fain	July 27, 2009	July 27, 2015

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2010 are as follows:

Chairman	–	Eugene W. Rogers
Secretary	–	Gary Fain

The duly appointed and acting Attorney for the Issuer is Steptoe & Johnson PLLC, Clarksburg, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article

ID, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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

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

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on July 15, 2009 which became Final Order on August 4, 2009, in Case No. 09-0208-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect. The rates are currently in effect.

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

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

14. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Final Order and the Commission Order of the Public Service Commission of West Virginia entered on July 15, 2009 which became Final Order on August 4, 2009, in Case No. 09-0208-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Order is in full force and effect.

15. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1 dated the date hereof, by his or her manual signature, and the undersigned

Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

16. BOND PROCEEDS: On the date hereof, the Issuer also received \$111,667.96 from the Authority and the Council, being a portion of the principal amount of the Series 2010 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

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

19. 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.

20. 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.

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

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman



Secretary



Counsel to Issuer

02.10.10
820440.00003

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Ken Moran, P.E., Registered Professional Engineer, West Virginia License No. 11309, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify on this 6th day of April, 2010 as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public waterworks facilities (the "System") of Short Line Public Service District (the "Issuer") to be constructed in Harrison 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 March 25, 2010, as supplemented by Supplemental Resolution duly adopted on March 25, 2010 and the Loan Agreement for the Series 2010 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated April 6, 2010 (the "Loan Agreement").

2. The Series 2010 A Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; (ii) funding the Series 2010 Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health ("BPH") and the Council and any change orders approved by the Issuer, the Council, the BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Steptoe & Johnson PLLC, 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 successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid

forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Smith Denny & Alastanos PLLC as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

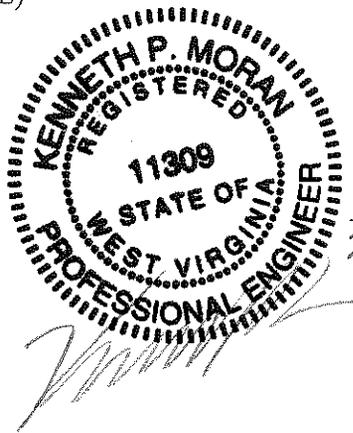
4. The Project will serve -0- new customers.

[Remainder of Page Intentionally Blank]

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

THRASHER ENGINEERING, INC.

(SEAL)





Ken Moran, P.E.
West Virginia License No. 11309

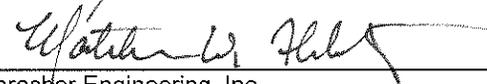
03.08.10
820440.00003

**WEST VIRGINIA INFRASTRUCTURE
SCHEDULE B
SHORT LINE PUBLIC SERVICE DISTRICT
WATER TANK REPLACEMENT PROJECT
2006W-915 A**

A. COST OF PROJECT	TOTAL	WVIJDC Loan
1 Construction		
Contract 1	374,200.00	374,200.00
<i>Fencing</i>	35,500.00	35,500.00
2 Technical Services - Thrasher		
a. Preliminary Engineering	20,000.00	20,000.00
b. Design	32,000.00	32,000.00
c. Engineering During Construction	8,000.00	8,000.00
d. Inspection	10,000.00	10,000.00
e. Special Services	10,000.00	10,000.00
3 Legal & Fiscal		
a. Legal (PSC)	7,500.00	7,500.00
b. Legal (title)	7,500.00	7,500.00
4 Administrative	20,000.00	20,000.00
5 Sites & Other Lands		
a. Land acquisition / ROW	10,000.00	10,000.00
6 Contingency	20,912.00	20,912.00
7 Miscellaneous		
a. Accounting	7,500.00	7,500.00
b. Permits / Ads	2,500.00	2,500.00
8 TOTAL of Lines 1 through 7	565,612.00	565,612.00
B. COST OF FINANCING		
9 Funded Reserve	15,388.00	15,388.00
10 Registrar fees	500.00	500.00
11 Bond Counsel	18,500.00	18,500.00
12 Cost of Financing	34,388.00	34,388.00
13 TOTAL PROJECT COST line 8 plus line 12	600,000.00	600,000.00
C. SOURCES OF OTHER FUNDS		
14 Federal Grants	0.00	0.00
15 State Grants	0.00	0.00
16 Other Grants	0.00	0.00
17 TOTAL GRANTS Lines 14 through 16	0.00	0.00
18 Size of Bond Issue (line 13 minus Line 17)	600,000.00	600,000.00


Short Line PSD

April 6, 2010
Date


Thrasher Engineering, Inc.

April 6, 2010
Date

April 6, 2010

Short Line Public Service District
Water Revenue Bonds, Series 2010 A
(West Virginia, Infrastructure Fund)

Short Line Public Service District
Wallace, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies & Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered July 15, 2009 which became Final Order August 4, 2009, in Case No. 09-0208-PWD-CN and the current operation and maintenance expenses and customer usage as furnished to us by Short Line Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's: (1) Water System Revenue Bonds, Series 1973 A (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$500,000; (2) Water System Revenue Bonds, Series 1973 B (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$137,000; (3) Water System Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 12, 1974, issued in the original principal amount of \$33,500; (4) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated May 9, 1991, issued in the original aggregate principal amount of \$120,000; and (5) Water Revenue



Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 24, 2005, issued in the original aggregate principal amount of \$1,274,183 (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2010 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds, the Series 2010 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2010 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2010 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2010 A Bonds.

Very truly yours,

Smith Denny & Alastanos PLLC

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Short Line Public Service District in Harrison and Wetzel Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$600,000 Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, dated April 6, 2010 (the "Bonds"), hereby certify this 6th day of April, 2010 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 March 25, 2010 (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 April 6, 2010, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2010 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2010 A Bonds were sold on April 6, 2010, to the Authority, pursuant to a loan agreement dated April 6, 2010, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$600,000 (100% of par), at which time, the Issuer received \$111,667.96 from the Authority and the Council, being the first advance of the principal amount of the Series 2010 A Bonds. No accrued interest has been or will be paid on the

Series 2010 A Bonds. The balance of the principal amount of the Series 2010 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2010 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of the Project; (ii) funding the Series 2010 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 1, 2011. The acquisition and construction of the Project is expected to be completed by September 1, 2010.

8. The total cost of the Project is estimated at \$600,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2010 A Bonds \$600,000

Total Sources \$600,000

USES

Costs of Acquisition and
Construction of the Project \$565,612

Costs of Issuance \$ 19,000

Series 2010 A Bonds Reserve Account \$ 15,388

Total Uses \$600,000

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2010 A Bonds:

- (1) Revenue Fund;
- (2) Replacement Reserve;

- (3) Series 2010 A Bonds Construction Trust Fund;
- (4) Series 2010 A Bonds Sinking Fund; and
- (5) Series 2010 A Bonds Reserve Account.

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

- (1) Series 2010 A Bond proceeds in the amount of \$-0- will be deposited in the Series 2010 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2010 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.
- (2) Series 2010 A Bonds proceeds in the amount of \$15,388 will be deposited in the Series 2010 A Bonds Reserve Account.
- (3) The balance of the proceeds of the Series 2010 A Bonds will be deposited in the Series 2010 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 2010 A Bonds and related costs.

11. Monies held in the Series 2010 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2010 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 2010 A Bonds Sinking Fund and Series 2010 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2010 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 4 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 2010 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2010 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 10 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2010 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 2010 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2010 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year. Monies in the Series 2010 A Bonds Reserve Account and the Series 2010 A Bonds Sinking Fund will be used solely to pay principal of and interest on each series of the Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2010 A Bonds, (b) are to be sold pursuant to a common plan of financing together with the 2010 A Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

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

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

SHORT LINE PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

03.09.10
820440.00003

576 ORDERS—Commissioners Harrison County Court, W. Va.

Regular Session Held

Wednesday, September 22nd,

1971

Sept 22, 1971

Short Line Public Service District

Created

SHORT LINE PUBLIC SERVICE DISTRICT:

At a regular term of the County Court of Harrison County, held at the Court House of said County, Commissioners Daniel L. McCarthy and John Scott being present thereat, on the 22nd day of September, 1971, being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Short Line Public Service District, as contemplated and provided for in a petition and order adopted by the County Court on the 19th day of August, 1971, the Court announced that due publication of notice of such public hearing, in accordance with said order, had been made in (a) The Clarksburg Exponent, a newspaper of general circulation in Harrison County, West Virginia on Thursday, August 26, 1971; and, (b) The Wetzel Democrat, a newspaper of general circulation in Wetzel County on Tuesday, August 31, 1971, as appears from the certificates of publication tendered to the County Court and now filed herein, such notices stating that all persons residing in or owning or having any interest in property in such proposed Short Line Public Service District desiring to be heard for or against the creation of said District would be heard. The Court further announced that the affidavit of Nelson R. Jennings was filed herein, setting out facts concerning the posting of notices in accordance with said order, in five (5) conspicuous places within the limits of the proposed public service district, said notices containing the same information contained in the published notices and such posted notices were posted not less than ten (10) days prior to the date of this hearing. Numerous persons residing in or owning or having any interest in property in the limits of the proposed public service district area appeared and any of such interested persons desiring to be heard were given full opportunity at the hearing held on this day and a number of such persons testified in favor of such creation, and none in opposition thereto.

ORDERS—Commissioners Harrison County Court, W. Va. 577

Regular

Session Held

Wednesday, September 22nd,

1971

The County Court then further discussed the creation of said Public Service District, whereupon, on unanimous vote of all the Commissioners the following order and resolution was adopted, effective immediately:

ORDER AND RESOLUTION creating Short Line Public Service District in the Counties of Harrison and Wetzel in the State of West Virginia.

WHEREAS, there was presented to the Clerk of the County Court of Harrison County, West Virginia, and filed in the Office of said Clerk of the County Court of Harrison County, West Virginia, a petition of a group of legal voters and real property owners residing within the limits of the proposed public service district, requesting the creation of a public service district within the Counties of Harrison and Wetzel, in the State of West Virginia; and

WHEREAS, said petition contained a description sufficient to identify the territory to be embraced within the proposed public service district, the purpose of said public service district, and the name of the proposed public service district; and

WHEREAS, said petition was signed by at least one hundred (100) legal voters resident within and owning real property within the limits of the proposed public service district; and

WHEREAS, said County Court found that said petition in all respects met the requirements of Article 13A of Chapter 16 of the West Virginia Code; and

WHEREAS, a copy of said petition has been filed in the Office of the Clerk of the County Court of Wetzel County, West Virginia; and said petition, among other things, stated (a) the name and corporate title of said public service district; (b) the territory to be embraced in said public service district; (c) the purpose of said public service district; and

WHEREAS, the territory described does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory

OFFICE OF THE CLERK
HARRISON COUNTY
WEST VIRGINIA
COURT HOUSE
MARTINSBURG, W. VA.

378 ORDERS—Commissioners Harrison County Court, W. Va.

Regular Session Held

Wednesday, September 22nd,

1971

include within its limits any city, incorporated town or other municipal corporation having a population in excess of three thousand (3,000) persons; and,

WHEREAS, the County Court of Harrison County, West Virginia, did heretofore, by a resolution and order adopted August 19, 1971, fix a date for a public hearing on the creation of the proposed Short Line Public Service District for supplying water and sewerage services and in and by said resolution and order provided that all persons residing in or owning or having any interest in property in the proposed Short Line Public Service District might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said District; and.

WHEREAS, a copy of the aforesaid petition was filed with the Clerk of the County Court of Wetzel County, West Virginia, as aforesaid, and notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons having been afforded an opportunity to be heard for and against the creation of said district, and upon the need water and sewerage services described generally at the hearing, and no written protest having been filed by the requisite number of qualified voters registered and residing in said proposed Public Service District or otherwise, and said County Court having given due consideration to all matters for which such hearing was had; and

WHEREAS, said County Court is of opinion and hereby determines that the creation of the proposed Public Service District is feasible, and that the water and sewerage services proposed for said District will be conducive to the preservation of public health, comfort and convenience in said District, and that a resolution and order creating said District should be adopted;

IN WITNESS
WHEREOF,
I, JAMES A. GAHN,
Clerk of the Court,
do hereby certify that
the foregoing is a true and
correct copy of the
minutes of the
Harrison County Court,
West Virginia.

ORDERS—Commissioners Harrison County Court, W. Va. 578

Regular

Session Held

Wednesday, September 22nd,

19 71

CAPITOL BUILDING, WASHINGTON, D. C. TELEPHONE NO. 43520-B

NOW, THEREFORE, BE IT, and IT IS HEREBY ORDERED AND RESOLVED by the County Court of Harrison County, West Virginia, as follows:

I.

A Public Service District within the Counties of Harrison and Wetzel in the State of West Virginia, is hereby created, and said District shall have the following boundaries:

BEGINNING at a point in the northern boundary line of the City of Clarksburg along U. S. Route 19; thence northerly with U. S. Route 19 0.22 miles to the intersection of the Crooked Run Road designated as being State Route No. 19/10; thence with the Crooked Run Road and with the southern boundary of the Enlarged Hepzibah Public Service District 2.38 miles to the Coal-Sardis Magisterial District line; thence with this district line and with the western boundary of the Enlarged Hopzibah Public Service District in a northerly direction 0.47 miles to the Eagle Magisterial District line; thence with the Sardis-Eagle Magisterial District line 2.61 miles in a northerly direction to Tenmile Creek; thence downstream 0.57 miles to a point; thence N. 57° E. 1.29 miles to a point in Tenmile Creek; thence N. 28° 30' E. 0.49 miles to a point in Tenmile Creek; thence N. 58° 40' W. 1.48 miles to a point on a ridge; thence N. 49° 15' W. 3.62 miles to a point; thence S. 68° W. 0.17 miles to a point on the Sardis-Eagle Magisterial-District line; thence with the line in a general northwesterly direction 6.54 miles to the Marion-Harrison County line; thence with the county line in a northwesterly direction 0.82 miles to the Wetzel County line; thence with the Wetzel-Marion County line in a northerly direction 0.78 miles to a point; thence leaving the county line N. 55° W. 3.41 miles to a point; thence S. 72° W. 1.84 miles to a point; thence S. 20° E. 5.20 miles to the Harrison, Wetzel and Doddridge County line (a common corner); thence with the Harrison-Doddridge County line 6.49 miles to a point (a common corner with the Sardis-Tenmile Magisterial District line); thence with the district line 8.72 miles

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Regular Session Held

Wednesday, September 22nd,

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to the Coal Magisterial District line; thence in an easterly direction with the Coal-Sardis Magisterial District 3.15 miles to a point; thence leaving the Magisterial District line S. 61° E. 0.51 miles to a point on a ridge; thence S. 88° E. 1.81 miles to a point on the northern boundary of the City of Clarksburg; thence in an easterly direction with the corporation line 0.17 miles to the beginning, containing 69.7 square miles.

II.

Said Public Service District shall have the name and corporate title of SHORT LINE PUBLIC SERVICE DISTRICT, and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly by Article 13A of Chapter 16 of the West Virginia Code.

III.

There being no city, incorporated town or other municipal corporation having a population in excess of three thousand (3,000) persons included within said District, the County Court hereby appoints the following three (3) persons residing within said District as members of the Public Service Board of said District for the terms shown after their names:

- Odys R. Kincaid - 6 years,
- Burl M. Burgess - 4 years,
- Susan Jo Bock - 2 years,

such terms to run from the 1st day of September, 1971, all in accordance with the provisions of West Virginia Code, Chapter 16, Article 13A, Section 3. Said members shall qualify by meeting in the Office of the Clerk of the County Court as soon as practicable and taking an oath of office, and shall thereafter meet as said Board and organize, pursuant to the provisions of statute.

FOR OFFICIAL USE ONLY
DO NOT WRITE IN THESE SPACES
HARRISON COUNTY, WEST VIRGINIA

Regular Session Held

Wednesday, September 22nd,

19 71

AFFIDAVIT

STATE OF WEST VIRGINIA,
COUNTY OF HARRISON, TO-WIT:

This day personally appeared before the undersigned Notary Public in and for the County and State aforesaid, Nelson R. Jennings, residing in the Community of Quiet Dell in Harrison County, West Virginia, who, after being by me first duly sworn, deposes and says:

1. That he is employed by the Farmers Home Administration, an agency of the United States Department of Agriculture and is presently County Supervisor for Harrison County;
2. That he is assisting in the Organization of the Short Line Public Service District, in Harrison and Wetzel Counties in the State of West Virginia, pursuant to and in accordance with the provisions of Chapter 1 Article 13A of the West Virginia Code;
3. That upon petition of a group of legal voters and real proper owners residing within the limits of the proposed public service district, the County Court of Harrison County, West Virginia, by order entered on the 19th day of August, 1971, set on Wednesday, the 22nd day of September, 1971, at 10:00 o'clock A.M., in the Hearing Room of the County Court of Harrison County in the Courthouse located in the City of Clarksburg, Harrison County, West Virginia, as the date and time for having a public hearing to consider the creation of the proposed public service district;
4. That in setting a date and time for said public hearing the said County Court of Harrison County further ordered notice to be given of such hearing, including the posting of a notice in at least five (5) conspicuous places within the limits of the proposed public service district at least ten (10) days prior to the date of said hearing;
5. That the affiant on the 7th day of September, 1971, personally posted the said order of the County Court fixing the date and time for the

582. ORDERS—Commissioners Harrison County Court, W. Va.

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Wednesday, September 22nd,

19 71

public hearing in five (5) conspicuous places, within the limits of the proposed public service district, namely, (a) Holt's Grocery Store, situate in the Village of Dola, in Harrison County, West Virginia, (b) Stanard Supply Company Store No. 2, situate in the Village of Dola, in Harrison County, West Virginia, (c) Roger's American Oil Service Station, situate in the Village of Brown, Harrison County, West Virginia, (d) Smallwood's Confection situate in the Village of Wallace, Harrison County, West Virginia, and (e) Glen's Pennzoil Service Station, situate in the Village of Smithfield, Wetze County, West Virginia;

6. That this affidavit is given as evidence of compliance with the order of the County Court of Harrison County, requiring posting of said notice, as aforesaid;

And further this affiant sayeth naught.

Nelson R. Jennings
Nelson R. Jennings

Taken, subscribed and sworn to before me this the 22ND day of September, 1971.

Carmine J. Davis
Notary Public.

My Commission Expires:

August 23, 1974



LAW OFFICES
YOUNG,
ORGAN & CARR
100 STATE BUILDING
HARRISON, W. VA.

ORDERS—Commissioners Harrison County Court, W. Va. 58

Regular Session Held

Wednesday, September 22nd,

19 71

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA, COUNTY OF HARRISON:

I, Thomas C. Kennedy, Business Manager of THE CLARKSBURG EXPONENT, a paper of general circulation published in the City of Clark County and State aforesaid, do hereby certify that the an

ORDER OF PUBLICATION

was published in said CLARKSBURG EXPONENT one th the 26th day of August 19 71

The publisher's fee for said publication is \$59.80

Business Manager of The Clarksburg Exponent: SE

Subscribed and sworn to before me this 26th

of August 19 71

Notary Public of Harrison County, W.

My commission expires on the 15th day of J.

19 76

ORDER OF PUBLICATION At a regular term of the County Court of Harrison County, West Virginia, continued and held at the Courthouse...

IN RE: ORDER FIXING A DATE FOR HEARING ON THE CREATION OF SHORT LINE PUBLIC SERVICE DISTRICT

On the 17th day of August, 1971, at a regular session of the Court came Carmine J. Cann, Attorney at Law, representing a group of legal voters and real property owners residing within the limits of the proposed Short Line Public Service District, in Harrison and Wetzel Counties, in the State of West Virginia, which area is bounded and described as follows:

BEGINNING at a point on the northern boundary line of the City of Clarksburg along U.S. Route 19; thence northerly with U.S. Route 19 0.22 miles to the intersection of the Crookston Run Road designated as being State Route No. 1770; thence with the Crookston Run Road and with the southern boundary of the Enlarged Harrison Public Service District 2.34 miles to the Coal-Serals Magisterial District line; thence with this district line and with the western boundary of the Enlarged Harrison Public Service District in a northerly direction 0.47 miles to the Eagle Magisterial District line; thence with the Eagle-Eagle Magisterial District line 2.11 miles in a northerly direction to Tenmile Creek; thence down Tenmile Creek to a point thence S. 72° E. 1.39 miles to a point in Tenmile Creek; thence N. 28° 12' E. 4.94 miles to a point in Tenmile Creek; thence N. 34° 42' W. 1.46 miles to a point on a ridge; thence N. 41° 15' W. 3.42 miles to a point; thence S. 42° W. 0.17 miles to a point on the Eagle-Eagle Magisterial District line; thence with the line in a general northerly direction 4.24 miles to the Harrison-Wetzel County line; thence with the county line in a northerly direction 0.42 miles to the Wetzel County line; thence with the West-Carlisle County line in a northerly direction 0.78 miles to a point; thence leaving the County line N. 55° W. 2.41 miles to a point; thence S. 20° E. 1.26 miles to the Harrison, Wetzel and Doddridge County line (a common corner); thence with the Harrison-Doddridge County line 4.41 miles to a point (a common corner with the Sarvis-Tenmile Magisterial District line); thence with the district line 4.77 miles to the Coal Magisterial District line; thence in an easterly direction with the Coal-Serals Magisterial District 3.31 miles to a point; thence leaving the Magisterial District line S. 31° E. 0.51 miles to a point on a ridge; thence S. 34° E. 1.81 miles to a point on the northern boundary of the City of Clarksburg; thence in an easterly direction with the corporation line 0.17 miles to the beginning, containing 23.7 square miles.

and prevented petition signed by legal voters residing within and owning real property within the above described area and moved the Court to fix a date for hearing on the creation of a public service district for the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement, extension of premises supplying water or sewerage services in the area, both for preservation of the public health, comfort and convenience of the residents within the area.

Upon consideration whereof the Court is of opinion that a hearing should be held and it is ORDERED, ADJUDGED AND DECREED that a hearing be held to consider the creation of the proposed public service district on Wednesday the 22nd day of September, 1971, at 10:00 o'clock a.m. in the Hearing Room of the County Court of Harrison County, West Virginia, in the Courtroom of said Harrison County in the City of Clarksburg, Harrison County, West Virginia. It is further ORDERED, ADJUDGED AND DECREED that a copy of the petition and this order shall be filed in the Office of the Clerk of the County Court of West Virginia, and that the Clerk of the County Court of Harrison County and Wetzel County shall each cause notice of such hearing and the time and place thereof, to be given by publication at least once in a newspaper of general circulation published in each respective county at least ten (10) days prior to the date of such hearing. It is further ORDERED, ADJUDGED AND DECREED that in addition to the notices required herein to be published, there shall also be posted in at least five (5) conspicuous places within the limits of the proposed public service district, a notice containing the same information as is contained in the published notices and such posted notices shall be posted not less than (10) days prior to the date of such hearing. Enter this 19th day of August, 1971 James E. Boyce Daniel L. McCarthy John Scott County Commissioners of Harrison County, West Virginia

Carmine J. Cann Attorney for the Petitioner State of West Virginia, County of Harrison, to-wit: I, Frank J. Maxwell, Jr., Clerk of the County Court of Harrison County, in the State of West Virginia, and as such Clerk having the care and custody of the records of General Orders of said County, do hereby certify that the foregoing is a true and accurate copy of the Order fixing the date for hearing in the creation of Short Line Public Service District as the same appears as recited in my office in General Order Book 45 at Page 34. SEAL In Testimony Whereof, I have hereunto set my hand and affixed the seal of said County, at the City of Clarksburg, in County and State, this 20th day of August, 1971. Frank J. Maxwell, Jr. Clerk of the County Court of Harrison County, West Virginia

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Regular Session Held

Wednesday, September 22nd,

1971

DEM. AUG. 31. ORDER OF PUBLICATION regular term of the County Court Harrison County, West Virginia, convened and held at the Courthouse of, Commissioners Boyce,orthy and Scott being present at, on the 19th day of August, the following order was made and ed to-wit:

IN THE COUNTY COURT OF HARRISON COUNTY, WEST VIRGINIA RE: ORDER FIXING A DATE HEARING ON THE CREATION SHORT LINE PUBLIC SERVICE DISTRICT.

this 19th day of August, 1971, at a lar session of the Court came line J. Cann, Attorney at Law, senting a group of legal voters real property owners residing n the limits of the proposed Short Public Service District, in ison and Wetzel Counties, in the of West Virginia, which area is ded and described as follows: JINNING at a point in the ern boundary line of the City of Clarksburg along U.S. Route 19; ce northerly with U.S. Route 19 miles to the intersection of the ked Run Road designated as being -Route No. 19-10; thence with the ked Run Road and with the ern boundary of the Enlarged bbah Public Service District 2.38 t to the Coal-Sardis Magisterial ict line; thence with this district and with the western boundary of Enlarged Hepzibah Public Service ict in a northerly direction 0.47 s to the Eagle Magisterial District thence with the Sardis-Eagle sterial District line 2.61 miles in a erly direction to Tenmile Creek; ce downstream 0.57 miles to a .; thence N. 57 E. 1.29 miles to a in Tenmile Creek; thence N. 28 . 0.49 miles to a point in Tenmile x; thence N. 53 40' W. 1.48 miles point on a ridge; thence N. 49 15' 62 miles to a point; thence S. 68 W. miles to a point on the Sardis-e Magisterial District line; thence a the line in a general westerly direction 5.54 miles to Marion-Harrison County line; ce with the county line in a westerly direction 0.82 miles to etzel County line; thence with the el-Marion County line in a erly direction 0.78 miles to a ; thence leaving the county line N. 3.41 miles to a point; thence S. 72 84 miles to a point; thence S. 20 E. miles to the Harrison, Wetzel and ridge county line (a common er); thence with the Harrison-ridge County line 6.49 miles to a ; (a common corner with the is-Tenmile Magisterial District ; thence with the district line 8.72 s to the Coal Magisterial District thence in an easterly direction the Coal-Sardis Magisterial ict 3.15 miles to a point; thence ng the Magisterial District line S. 0.51 miles to a point on a ridge; ce S. 88 E. 1.81 miles to a point on northern boundary of the City of

Clarksburg; thence 'in an easterly direction with the corporation line 0.17 miles to the beginning, containing 69.7 square miles. And presented a petition signed by legal voters resident within and owning real property within the above described area and moved the Court to fix a date for hearing on the creation of a public service district for the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water or sewerage services in the area, or both, for the preservation of the public health, comfort and conveniences of the residents within the area. Upon consideration whereof the Court is of opinion that a hearing should be held and it is ORDERED, ADJUDGED AND DECREED that a hearing be held to consider the creation of the proposed public service district, on Wednesday the 22nd day of September, 1971, at 10:00 o'clock a.m. in the Hearing Room of the County Court of Harrison County situate in the Courthouse of said Harrison County in the City of Clarksburg, Harrison County, West Virginia. It is further ORDERED, ADJUDGED AND DECREED that a copy of the petition and this order shall be filed in the

The Wetzel Democrat

New Martinsville, W. Va., Sept. 9, 1971. State of West Virginia, County of Wetzel:

Personally appeared before the undersigned, a Notary Public, Jack H. Stork, who, being duly sworn, states that he is the manager of The Wetzel Democrat, a weekly newspaper of general circulation, published at New Martinsville, County of Wetzel, State of West Virginia, and that a copy of the notice attached hereto was published for successive weeks in the said Wetzel Democrat, beginning on the 31. day of Aug. 1971. and ending on the 31. day of Aug. 1971. and that a copy of said notice was posted at the front door of the Court House of Wetzel County, West Virginia, on the 31. day of Aug. 1971.

Signature of Jack H. Stork, Manager, Wetzel Democrat

Subscribed and sworn to before me, a Notary Public of said County, on this 9. day of Sept. 1971. Eugene G. Hochev, Notary Public My commission expires on the 29. day of May 1972. Printers Fee \$ 49.08

Office of the Clerk of the County Court of Wetzel County, West Virginia, and that the Clerks of the County Courts of Harrison County and Wetzel County shall each cause notice of such hearing and the time and place thereof, to be given by publication at least once in a newspaper of general circulation published in his respective county at least ten (10) days prior to the date of such hearing. It is further ORDERED, ADJUDGED AND DECREED that in addition to the notices required herein to be published, there shall also be posted in at least five (5) conspicuous places within the limits of the proposed public service district, a notice containing the same information as is contained in the published notices and such posted notices shall be posted not less than ten (10) days prior to the date of such hearing. Enter this 19th day of August, 1971.

STATE OF WEST VIRGINIA County of Harrison, I FRANK J. MAXWELL of The County Court County, in the State of W and as such Clerk, having custody of the records of ORDERS of said County certify that the foregoing accurate copy of the Order date for hearing on the Shortline Public Service D same appears of record in GENERAL ORDER BOOK 548. In Testimony Whereof hereunto set my hand and seal of said Court, at Clarksburg, in said County this 20 day of August, 1971. FRANK J. Clerk of The C of Harr West

JAMES E. BOYCE DANIEL L. MCCARTHY JOHN SCOTT County Commissioners of Harrison County, West Virginia

Carmine J. Cann Attorney for the Proposed District

It is ordered that the Court be adjourned until Thursday, September 23, 1971 at 10:00 o'clock

James E. Boyce, President

ORDERS—Commissioners Harrison County, W. Va. 912 010

Session Held

Tuesday, September 20,

19 88

Dayton Legal Blank Co.—L-3554

County Commission

Expansion of Short Line Public Service District

Sept 20, 1988

IN THE COUNTY COMMISSION OF HARRISON COUNTY, WEST VIRGINIA

IN RE: EXPANSION OF SHORT LINE PUBLIC SERVICE DISTRICT

At a regular term of the County Commission of Harrison County, West Virginia, held at the Court House of said county, President. Frank X. Lopez, and Commissioner Ruby Keister being present thereat, on the 20th day of September, 1988, being the date fixed by prior action of the County Commission for the conducting of a public hearing on the expansion of the Short Line Public Service District as contemplated provided for an Order adopted by the County Commission on the 28th day of July, 1988, and as continued, orally, without objection, on the 23rd day of August, 1988, by the County Commission unto the 20th day of September, 1988, the Commission announced that due publication of notice of such public hearing, in accordance with said Order, had been made in (a) the Clarksburg Exponent, a newspaper of general circulation in Harrison County, West Virginia, on the 10th day of August, 1988; and of the Amended Notice of Publication in (b) the Wetzel Chronicle, a newspaper of general circulation in Wetzel County, West Virginia, on the 31st day of August, 1988, as appeared from the certificates of publication tendered to the County Commission and now filed herein. Such notice stating that all persons residing in or owning or having any interest or property in such proposed expansion or of the existing areas of the Short Line Public Service District desiring to be heard for or against the expansion of said Short Line Public Service District would be heard.

674 **ORDERS—Commissioners Harrison County, W. Va.**

Session Held

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Warton Legal Blank Co.—L-2114

The Commission further announced that the Affidavit of J. K. Jones, Jr., was filed herein, setting out facts concerning posting of notices and amended notices in accordance with said Order in five (5) conspicuous places within the limits of the proposed expansion of the said Short Line Public Service District and further within five (5) conspicuous places within the existing Short Line Public Service District. Said notices and amended notices containing the same information contained in the published notices and such posted notices and amended notices were posted not less than ten (10) days prior to the date of this hearing.

Numerous persons residing in or owning or having any interest in the property in the limits of the proposed expansion of the Short Line Public Service District appeared and all of such persons desiring to be heard were given full opportunity at the hearing held on this day, and a number of such persons testified in favor of the expansion of the Short Line Public District and none in opposition thereto.

The County Commission then further discussed the expansion of said Short Line Public Service District, whereupon, upon the unanimous vote of all commissioners, the following Order and Resolution was adopted, effective immediately:

ORDER EXPANDING SHORT LINE PUBLIC SERVICE DISTRICT
IN THE COUNTIES OF HARRISON AND WETZEL
IN THE STATE OF WEST VIRGINIA

WHEREAS, upon its own motion, the County Commission

ORDERS—Commissioners Harrison County, W. Va. 010

Session 11/11/11

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Dayton Local Wash Co. - Little

of Harrison County, West Virginia, deemed that an expansion of the Short Line Public Service District located within the counties of Harrison and Wetzel, the State of West Virginia, to include within the said Short Line Public Service District the Jones Run Community located in Eagle District, Harrison County, West Virginia was necessary and desirable; and

WHEREAS, the original resolution and order of the County Commission of Harrison County, West Virginia, contained a description sufficient to identify the territory to be embraced within the expanded Short Line Public Service District; and

WHEREAS, the proposed territory for the expanded Short Line Public Service District does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limit any city, incorporated town or other municipal corporation having a population in excess of three thousand (3,000) persons; and

WHEREAS, the Commission further finds that due to geographic and other financial considerations, no other public service district can serve the area of expansion sought by the Short Line Public Service District, and

WHEREAS, the County Commission of Harrison County, West Virginia, did heretofore, by resolution and order adopted on the 28th day of July, 1988, fix a date for a public hearing which date was subsequently, orally amended, without objections, by action of this commission modifying the date of the hearing herein for the 23rd day of August, 1988, unto the 20th day of

76 **ORDERS—Commissioners Harrison County, W. Va.**

Session Held

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For Legal Blank Co.—L-2664

September, 1988, on the proposed expansion of the Short Line Public Service District for supplying water and sewage services to the Jones Run community in Harrison County, West Virginia, and in said resolution and order provided that all persons residing in or owning or having any interest in property in the proposed expansion area or in the existing area of the Short Line Public Service District might appear before the County Commission of Harrison County, West Virginia, at this meeting and have an opportunity to be heard for or against the expansion of said district; and

WHEREAS, notice of this hearing was duly given in a manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons having been afforded an opportunity to be heard for and against the expansion of said district and upon the need for water and sewage services described generally at the hearing, no written protest being filed by the requisite number of qualified voters registered and residing in said expanded public service district or otherwise, and the said County Commission having given due consideration to all matters for which such hearing was held; and

WHEREAS, The County Commission is of the opinion and does hereby determine that the expansion of the Short Line Public Service District is feasible and that the water and sewage services proposed for said expanded district will be conducive to the preservation of public health, comfort and convenience in said district, and that a Resolution and Order creating said

ORDERS—Commissioners Harrison County, W. Va. 677

Session Held

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Darton-Loyal Blank Co.—1-4634

expansion of the Short Line Public Service District should be adopted; and

WHEREAS, the Commission finds that the present physical facilities of the Short Line Public Service District are adequate and are able to provide the service sought herein to be expanded.

NOW THEREFORE BE IT AND IT IS HEREBY ORDERED AND RESOLVED by the County Commission of Harrison County, West Virginia, as follows:

I.

The Short Line Public Service District within the counties of Harrison and Wetzel in the State of West Virginia is hereby expanded and said expanded Short Line Public Service District shall have the following boundaries:

Beginning at a point in the northern boundary line of the City of Clarksburg along U.S. Route 19; thence northerly with U.S. Route 19 0.22 miles to the intersection of Crooked Run Road, designated as being State Route 19/10; thence with said Crooked Run Road and the southern boundary of The Enlarged Hepzibah Public Service District 2.38 miles to the Coal and Sardis Magisterial District line; thence with said District line and with the western boundary of The Enlarged Hepzibah Public Service District in a northerly direction 0.47 miles to the Eagle Magisterial District Line; thence with the Sardis-Eagle Magisterial District Line 2.61 miles in a northwest direction to Tenmile Creek; thence N. 56° 15' E 0.95 miles to a point in said Tenmile Creek; thence downstream 0.57 miles to a point; thence leaving said Tenmile Creek N 06° 45' E 2.73 miles to a common corner and point in the boundary of the Bingamon Public Service District; thence with said Bingamon Public Service District north 1.17 miles to a point; thence west 2.47 miles to a point; thence north 1.25 miles to a point, common boundary corner of said Bingamon Public Service District and OJW Public Service District; thence leaving said Bingamon Public Service District and with the southern boundary of said OJW Public Service District N 60° 00' W 4.85 miles to a point in the Marion-Harrison County line; thence with the said County line in a northwesterly direction 0.82 miles to a point in the Wetzel County line; thence with the Wetzel-Marion County line in a northerly direction 0.78 miles to

678 ORDERS—Commissioners Harrison County, W. Va.

Session Held

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Kyton Legal Blank Co.—L-3854

a point; thence leaving the County line N 55° 00' W 3.42 miles to a point; thence S 72° 00' W 1.84 miles to a point; thence S 20° 00' E 5.21 miles to the Harrison, Wetzel and Doddridge County lines (a common corner); thence with said Harrison-Doddrige County Line in a southeast direction 6.49 miles to a point (a common corner with the Sardis-Tennile Magisterial District line); thence with the said District line 8.72 miles to a point in the Coal Magisterial District line; thence in an easterly direction with the Coal-Sardis Magisterial District line 3.15 miles to a point; thence leaving the magisterial district line S 61° 00' E 0.51 miles to a point on the ridge; thence S 88° 00' E 1.81 miles to a point on the northern boundary of the City of Clarksburg; thence in an easterly direction with the Corporation line 0.17 miles to the beginning, containing 95.76 square miles.

II.

The expanded public service district shall continue to have the name and corporate title of SHORT LINE PUBLIC SERVICE DISTRICT and shall constitute a public corporation applicable subdivision of the State of West Virginia having all the rights and powers conferred upon the public service districts by the laws of the State of West Virginia and particularly by Article 13A of Chapter 16 of the West Virginia Code and as heretofore authorized by this Commission.

III.

There being no city, incorporated town or other municipal corporation having a population of three thousand (3,000) persons or more included in the said district, the current members of the Short Line Public Service Board shall continue and their terms shall continue as currently stated, all in accordance with West Virginia Code, Chapter 16, Article 13A, Section 3.

It is further ORDERED that a copy of this Order and Resolution and Order shall be filed in the office of the Clerk of the County Commission of Wetzel County, West Virginia.

ORDERS—Commissioners Harrison County, W. Va. 679

Session Held

19

Denton Legal Blank Co.—L-3124

It is further ORDERED that the Clerk of the Harrison County Commission shall within ten (10) days from date hereof, file a certified copy of this order and resolution for review and approval with the Public Service Commission of the State of West Virginia.

Enter this the 20 day of Sept, 1988.

Frank X Lopez
President
Harrison County Commission

Ruby Keister
Commissioner
Harrison County Commission

Commissioner
Harrison County Commission

STATE OF WEST VIRGINIA,

County of Harrison:

I, SYLVIA BASILE, Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in General Order Book No. 56 at Page 673, of said records.

Given under my hand and Seal of said Office this 11th day of October, 1990.

Sylvia Basile
Clerk, Harrison County Commission

Jan 9, 1990

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 9, 1990

FINAL
1/29/90

CASE NO. 88-520-WS-PC

HARRISON COUNTY COMMISSION,
a public corporation, Harrison
County.

Petition for permission to expand the
Short Line Public Service District.

ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURE

On September 28, 1988, the Harrison County Commission, a public corporation, Harrison County, adopted an order expanding the boundaries of Short Line Public Service District to include within said District the Jones Run Community located in Eagle District, Harrison County, to provide water and/or sewer services to additional areas in Harrison County.

In accordance with the provisions of West Virginia Code §16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Harrison County for the purpose of completing compliance with the requirements of said Code provision.

By Joint Staff Memorandum received November 6, 1989, the Staff Attorney advised that this matter was ready for hearing and that his review of the case indicates that the Harrison County Commission had substantially complied with the requirements of West Virginia Code §16-13A-2.

By Order entered November 20, 1989, this matter was set for hearing to be held in Room 222, Harrison County Correctional Center, Clarksburg, West Virginia, on Thursday, December 21, 1989, at 1:00 p.m., EST. The hearing was held as scheduled. Appearing on behalf of Short Line Public Service District was its Counsel, Thomas A. Bedell, and Cadwell Tyler, Chairman of the Short Line Public Service District. Appearing on behalf of Commission Staff was Ronald E. Robertson, Jr., Staff Attorney. No parties appeared in protest to this application. Along with Mr. Cadwell Tyler, Mr. Max Harbert voiced an opinion on the record in support of the expansion.

During the hearing, Mr. Thomas Bedell, Counsel for Short Line Public Service District, provided for the record an explanation concerning the publication of the proceeding. Mr. Bedell confirmed the information in his affidavit in which he explained that the original hearing scheduled by the County Commission for the expansion was scheduled and published in a Harrison County newspaper on the 23rd day of August, 1988. A conflict arose and the County Commission proceeding was rescheduled for September 20, 1988. The publication made in the Wetzel County newspaper was

8. Short Line Public Service District has only a water tariff on file with the Public Service Commission in its Tariff Office. (See, PSC Tariff Records).

CONCLUSION OF LAW

The Administrative Law Judge (ALJ) is of the opinion that, since the Harrison County Commission is in substantial compliance with the required provisions set forth in West Virginia Code §16-13A-2, and no parties appeared in protest to the petition of the Harrison County Commission to enlarge the boundaries of the Short Line Public Service District to provide water and/or sewer services to additional areas in Harrison County, said petition can be granted.

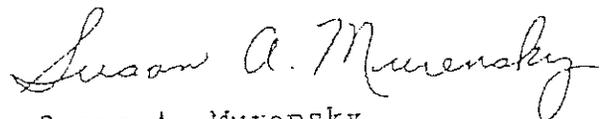
ORDER

IT IS, THEREFORE, ORDERED that the petition of the Harrison County Commission, a public corporation, Harrison County, filed on September 28, 1988, to enlarge certain boundary lines of the Short Line Public Service District to provide water and/or sewer services to additional areas in Harrison County, be, and the same hereby is, approved. In as much as Short Line Public Service District does not have a sewer tariff on file in the Public Service Commission Tariff Office, the District must follow and conform to the Commission's rules and regulations in obtaining any and all certificates and permits necessary to operate a sewer service facility before providing such sewer services.

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

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.



Susan A. Murensky
Administrative Law Judge

SAM:dfs

Sept 1, 1998

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY

order
public
hearing

A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF THE BOUNDARIES OF THE SHORT LINE PUBLIC SERVICE DISTRICT; FIXING A DATE OF HEARING ON THE PROPOSED EXPANSION; PROVISION FOR NOTICE OF SUCH HEARING

WHEREAS, the Short Line Public Service District desires to provide water and sewer service to residents of Harrison County who reside outside of existing boundaries of the Short Line Public Service District, and

WHEREAS, the Board of the Short Line Public District has petitioned the Harrison County Commission to enlarge the boundaries of the Short Line Public Service District, and

WHEREAS, the Short Line Public Service District is located within Harrison County and is more particularly bounded and described as follows:

SHORT LINE PUBLIC SERVICE DISTRICT

BEGINNING at a point in the northern boundary line of the City of Clarksburg along US Route 19;

THENCE northerly with US Route 19 0.22 miles to the intersection of Crooked Run Road, designated as being Highway Route 19/10;

THENCE in a northerly direction running with said Route 19/10, 1.17 miles to the Coal-Eagle Magisterial District lines;

THENCE North 41° East 1.3 miles to a point at the intersection of Highway Route 18 and Route 19/7;

THENCE North 19° West 3.5 miles to a point at the intersection of Highway Route 6 and Route 6/5;

THENCE North 82° East 1.9 miles to the 80° 20' parallel line, said point being the southwest corner of the consolidated Bingamon-OJW Public Service Districts;

THENCE following said district line, North 57° West 10.3 miles to the intersecting point of the Harrison-Marion-Wetzel County lines;

THENCE with the Wetzel-Marion County line in a northerly direction, 0.78 miles to a point;

THENCE leaving said County line North 55° West 3.42 miles to a point;

THENCE South 72° West 1.84 miles to a point;

THENCE South 20° East 5.21 miles to the intersecting point of the Doddridge-Harrison-Wetzel County lines;

THENCE with the Doddridge-Harrison County line in a southeast direction 6.49 miles to a point, said point being a common corner of the Sardis-Tenmile Magisterial District line;

THENCE with said district line 8.72 miles to a point in the Coal Magisterial District line;

THENCE in an easterly direction with the Coal-Sardis Magisterial District line 3.15 miles to a point;

THENCE leaving said district line South 61° East 0.51 miles to a point on the ridge;

THENCE South 88° East 1.81 miles to a point on the northern corporate boundary of the City of Clarksburg;

THENCE following said corporate boundary in an easterly direction 0.17 miles to the POINT OF BEGINNING, containing approximately 88 square miles and is shown upon a map prepared by the Public Service District Division of the West Virginia Public Service Commission entitled "Proposed Amendment to Boundary of Short Line Public Service District" dated January 1996.

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, the Harrison County Commission is empowered to, upon its own motion by order duly adopted, proposes the expansion of the boundaries of public service districts located within the County in order to preserve the public health, comfort and convenience of the areas within the public service district, and

WHEREAS, the Harrison County Commission has determined that the present or proposed physical facilities of the Short Line Public Service District are determined to be adequate to provide such expanded service, and

WHEREAS, the Harrison County Commission, after considerable deliberation, has decided that the proposed expansion of the boundaries of the Short Line Public Service District, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Short Line Public Service District, is necessary for the preservation of the public health, comfort and convenience for the areas presently served or to be served by said District.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY RESOLVED AND ORDERED by the County Commission of Harrison County as follows:

1. That the County Commission of Harrison County, West Virginia, upon its own motions, subject to the approval of the Public Service Commission of West Virginia, and the bondholders of the Short Line Public Service District, proposes the expansion of the boundaries of the Short Line Public Service District, with the new boundaries of the Short Line Public Service District to be more particularly bounded as described as follows:

SHORT LINE PUBLIC SERVICE DISTRICT AS PROPOSED ON SEPTEMBER 1, 1998

A certain area of land, situate in Harrison County, West Virginia, being more particularly bounded and described as follows:

BEGINNING at a point in the northerly boundary line of the City of Clarksburg and along US Route 19;

THENCE northerly with US Route 19, 0.22 miles more or less to the intersection of Crooked Run Road, also known as West Virginia Secondary Route 19/10;

THENCE in a northerly direction with said West Virginia Secondary Route 19/10, a distance of 1.17 miles more or less to a common line of the Coal-Eagle Magisterial District line;

THENCE North 41° 00' 00" East a distance of 1.30 miles more or less to a point at the intersection of West Virginia State Route 18 and West Virginia County Route 19/7;

THENCE North 19° 00' 00" East a distance of 3.50 miles more or less to a point at the intersection of West Virginia County Route 6 and West Virginia County Route 6/5;

THENCE North 82° 00' 00" East a distance of 1.90 miles more or less to the 80° 20' 00" parallel line, said point being the southwesterly corner of the consolidated Bingamon-OJW Public Service District;

THENCE following said Bingamon-OJW Public Service District Line, North 57° 00' 00" West a distance of 10.30 miles more or less to the intersection of the Harrison, Marion and Wetzel County lines;

THENCE with the said Marion and Wetzel County line in a northerly direction, a distance of 0.78 mile more or less to a point;

THENCE leaving said Marion and Wetzel County line, North 55° 00' 00" West, a distance of 3.42 miles more or less to a point, said point being located on a ridge top;

THENCE South 72° 00' 00" West, a distance of 1.84 miles more or less to a point, said point being located on a ridge top;

THENCE South 20° 00' 00" East, a distance of 5.21 miles more or less to the common intersection of the Doddridge, Harrison and Wetzel County lines;

THENCE leaving said common intersection of the Doddridge, Harrison and Wetzel County lines and with a common county line of Doddridge and Harrison Counties for a distance of 9.80 miles more or less to a point located along Cherry Camp Run Road;

THENCE leaving said County line of said Doddridge and Harrison and Cherry Camp Run Road, in a southeasterly direction a distance of 16,920 feet more or less to a point located at a ridge top;

THENCE leaving said ridge top and in a northeasterly direction a distance of 2,600 feet to a point located at a ridge top;

THENCE leaving said ridge top and in a southeasterly direction a distance of 16,200 feet to the common magisterial district lines of Tennile, Sardis and Coal;

THENCE leaving said common magisterial district lines of Tennile, Sardis and Coal, and with the common magisterial district lines of Sardis and Coal, for a distance of 16,000 feet to a point, said point being located at a ridge top;

THENCE leaving said ridge top in a southeasterly direction a distance of 900

feet more or less to a point located at a ridge top;

THENCE leaving said ridge top in a southeasterly direction a distance of 9,350 feet more or less to the PLACE OF BEGINNING, being 67,980 acres, more or less, as made a part of this description.

2. That on September 29, 1998, at the hour of 10:00 o'clock a.m., the Harrison County Commission shall meet in the Harrison County Courthouse at Clarksburg, West Virginia, for the purpose of conducting a public hearing on the proposed expansion of the boundaries of the Short Line Public Service District, at which time and place all persons residing in or owning or having any interest in property in the territory of the Short Line Public Service District may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposed expansion of the boundaries of Short Line Public Service District.

3. That the Clerk of the County Commission shall cause a notice of the hearing on the proposed expansion of the boundaries of the Short Line Public Service District and a description of the territory of the Short Line Public Service District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

4. That the Clerk of the County Commission shall cause a notice of the hearing and description of the territory of the Short Line Public Service District to be posted in at least five (5) conspicuous places within the territory of the Short Line Public Service District.

5. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days after the hearing set forth therein.

By the Order of the Harrison County Commission this day, September 1 1998.

HARRISON COUNTY COMMISSION

Thomas A. Keeley
President

[Signature]
Commissioner

[Signature]
Commissioner

ATTEST:

[Signature]
Clerk of the County Commission

SEPT 29, 1998

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY, WEST VIRGINIA

A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES OF THE SHORT LINE PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Harrison County, West Virginia, did heretofore, by Resolution and Order adopted on September 1, 1998, propose the expansion of the Short Line Public Service District; and

WHEREAS, by said September 1, 1998, Resolution and Order, the Harrison County Commission did set a hearing on the proposed expansion of the boundaries of the Short Line Public Service District, required notice of said hearing to be given by Class I legal publication in Harrison County, West Virginia, and by posting of notice in at least five (5) conspicuous places within the territory of the Short Line Public Service District, and required the Clerk of the Harrison County Commission to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia; and

WHEREAS, notice of the September 29, 1998, hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code Chapter 16, Article 13-A, Section 2, and all interested parties have been afforded an opportunity of being heard for and against the expansion of the boundaries of the Short Line Public Service District, and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now determined by the said County Commission that the present or proposed physical facilities of the Short Line Public Service District are determined to be adequate to provide such expanded service; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order subject to the approval of the Public Service Commission of West Virginia and the bondholders of the Short Line Public Service District for the preservation of the public health, comfort and convenience of the areas presently served or to be served by the Short Line Public Service District.

NOW, THEREFORE, BE IT AND IT IS, HEREBY RESOLVED AND ORDERED by the County Commission of Harrison County as follows:

1. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Short Line Public Service District, enlarges the boundaries of the Short Line Public Service District. The presently existing public service district is particularly defined as the following area:

SHORT LINE PUBLIC SERVICE DISTRICT

BEGINNING at a point in the northern boundary line of the City of Clarksburg along US Route 19;

THENCE northerly with US Route 19 0.22 miles to the intersection of Crooked Run Road, designated as being Highway Route 19/10;

THENCE in a northerly direction running with said Route 19/10, 1.17 miles to the Coal-Eagle Magisterial District lines;

THENCE North 41° East 1.3 miles to a point at the intersection of Highway Route 18 and Route 19/7;

THENCE North 19° West 3.5 miles to a point at the intersection of Highway Route 6 and Route 6/5;

THENCE North 82° East 1.9 miles to the $80^{\circ} 20'$ parallel line, said point being the southwest corner of the consolidated Bingamon-OJW Public Service Districts;

THENCE following said district line, North 57° West 10.3 miles to the intersecting point of the Harrison-Marion-Wetzel County lines;

THENCE with the Wetzel-Marion County line in a northerly direction, 0.78 miles to a point;

THENCE leaving said County line North 55° West 3.42 miles to a point;

THENCE South 72° West 1.84 miles to a point;

THENCE South 20° East 5.21 miles to the intersecting point of the Doddridge-Harrison-Wetzel County lines;

THENCE with the Doddridge-Harrison County line in a southeast direction 6.49 miles to a point, said point being a common corner of the Sardis-Tenmile Magisterial District line;

THENCE with said district line 8.72 miles to a point in the Coal Magisterial District line;

THENCE in an easterly direction with the Coal-Sardis Magisterial District line 3.15 miles to a point;

THENCE leaving said district line South 61° East 0.51 miles to a point on the ridge;

THENCE South 88° East 1.81 miles to a point on the northern corporate boundary of the City of Clarksburg;

THENCE following said corporate boundary in an easterly direction 0.17 miles to the POINT OF BEGINNING, containing approximately 88 square miles and is shown upon a map prepared by the Public Service District Division of the West Virginia Public Service Commission entitled "Proposed Amendment to Boundary of Short Line Public Service District" dated January 1996.

The new boundary of the Short Line Public Service District is more particularly bounded and described as follows:

SHORT LINE PUBLIC SERVICE DISTRICT AS ENLARGED ON SEPTEMBER 29, 1998

A certain area of land, situate in Harrison County, West Virginia, being more particularly bounded and described as follows:

BEGINNING at a point in the northerly boundary line of the City of Clarksburg and along US Route 19;

THENCE northerly with US Route 19, 0.22 miles more or less to the intersection of Crooked Run Road, also known as West Virginia Secondary Route 19/10;

THENCE in a northerly direction with said West Virginia Secondary Route 19/10, a distance of 1.17 miles more or less to a common line of the Coal-Eagle Magisterial District line;

THENCE North $41^{\circ} 00' 00''$ East a distance of 1.30 miles more or less to a point at the intersection of West Virginia State Route 18 and West Virginia County Route 19/7;

THENCE North $19^{\circ} 00' 00''$ East a distance of 3.50 miles more or less to a point at the intersection of West Virginia County Route 6 and West Virginia County Route 6/5;

THENCE North $82^{\circ} 00' 00''$ East a distance of 1.90 miles more or less to the $80^{\circ} 20' 00''$ parallel line, said point being the southwesterly corner of the consolidated Bingamon-OJW Public Service District;

THENCE following said Bingamon-OJW Public Service District Line, North $57^{\circ} 00' 00''$ West a distance of 10.30 miles more or less to the intersection of the Harrison, Marion and Wetzel County lines;

THENCE with the said Marion and Wetzel County line in a northerly direction, a distance of 0.78 mile more or less to a point;

THENCE leaving said Marion and Wetzel County line, North $55^{\circ} 00' 00''$ West, a distance of 3.42 miles more or less to a point, said point being located on a ridge top;

THENCE South $72^{\circ} 00' 00''$ West, a distance of 1.84 miles more or less to a point, said point being located on a ridge top;

THENCE South $20^{\circ} 00' 00''$ East, a distance of 5.21 miles more or less to the common intersection of the Doddridge, Harrison and Wetzel County lines;

THENCE leaving said common intersection of the Doddridge, Harrison and Wetzel County lines and with a common county line of Doddridge and Harrison Counties for a distance of 9.80 miles more or less to a point located along Cherry Camp Run Road;

THENCE leaving said County line of said Doddridge and Harrison and Cherry Camp Run Road, in a southeasterly direction a distance of 16,920 feet more or less to a point located at a ridge top;

THENCE leaving said ridge top and in a northeasterly direction a distance of 2,600 feet to a point located at a ridge top;

THENCE leaving said ridge top and in a southeasterly direction a distance

of 16,200 feet to the common magisterial district lines of Tenmile, Sardis and Coal;
THENCE leaving said common magisterial district lines of Tenmile, Sardis and Coal, and with the common magisterial district lines of Sardis and Coal, for a distance of 16,000 feet to a point, said point being located at a ridge top;

THENCE leaving said ridge top in a southeasterly direction a distance of 900 feet more or less to a point located at a ridge top;

THENCE leaving said ridge top in a southeasterly direction a distance of 9,350 feet more or less to the PLACE OF BEGINNING, being 67,980 acres, more or less, as made a part of this description.

2. That the Clerk of the Harrison County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days following the adoption thereof.

Entered into the permanent record of Harrison County, West Virginia, this the 29th day of September, 1998.

HARRISON COUNTY COMMISSION

Thomas A. Kealey
President

Reginald Oroy
Commissioner

Beth Raylor
Commissioner

ATTEST:

Alvin Bales
County Clerk

981518a1j032699.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: March 26, 1999

FINAL

4-15-99

CASE NO. 98-1518-PSWD-PC

HARRISON COUNTY COMMISSION
Petition for consent and approval to
expand the boundaries of Short Line
Public Service District.

RECOMMENDED DECISIONPROCEDURE

On October 16, 1998, the Harrison County Commission (County Commission) filed with the Public Service Commission its Order of September 29, 1998, expanding the boundaries of the Short Line Public Service District, in accordance with the provisions of West Virginia Code §16-13A-2. This petition addresses both water and sewer service.

By Order dated January 19, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before July 19, 1999.

On January 27, 1999, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Ms. Karen L. Buckley, Utilities Analyst, Water and Wastewater Division. Since the filing details the metes and bounds of the proposed expansion and contains the affidavits of publication and public posting, Staff recommended approval of the Order, subject to the statutorily-required hearing being held.

By Order dated February 25, 1999, this matter was set for hearing to be held in the County Commission Courtroom, 1st Floor, 301 West Main Street, Clarksburg, West Virginia, on March 12, 1999. Said Order also required that the Harrison County Commission give notice of the hearing to be held on March 12, 1999, to publishing a notice of hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County.

The hearing was held as scheduled. The Harrison County Commission was represented by Larry Frye, Esquire. Commission Staff was represented by Staff Attorney Cassius H. Toon. No one appeared in protest to the Harrison County petition. Commission Staff introduced, as Staff Exhibit No. 1, its Final Joint Staff Memorandum in this case, recommending approval of the Order expanding the boundaries of the Short Line Public Service District, whereby this matter was submitted for a decision.

(Tr., pp. 5-6). Proper affidavits of publication were provided, which reflect publication in accordance with the Commission's requirements. (See, case file generally).

FINDINGS OF FACT

1. On October 16, 1998, the Harrison County Commission filed its Order of September 29, 1998, requesting to expand the boundaries of the Short Line Public Service District, in accordance with the provisions of West Virginia Code §16-13A-2. (See, Petition).

2. By Order dated February 25, 1999, this matter was set for hearing to be held in Clarksburg, West Virginia, on March 12, 1999. Said Order also required that the Harrison County Commission give notice of the hearing to be held on March 12, 1999, by publishing a Notice of Hearing, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County. (See, Order dated February 25, 1999).

3. At the hearing held on March 12, 1999, no one appeared in protest to the Harrison County Commission's petition and the matter was submitted as an unprotested case. (Tr., p. 5).

4. Proper affidavits of publication were provided which reflect publication in accordance with the Commission's requirements. (See, case file generally).

CONCLUSION OF LAW

Since the Harrison County Commission gave proper notice of the hearing to be held in this matter on March 12, 1999, and no one appeared at the hearing in protest, and since Commission Staff recommended approval, the Harrison County Commission's Order of September 29, 1998, expanding the boundaries of the Short Line Public Service District, can be approved.

ORDER

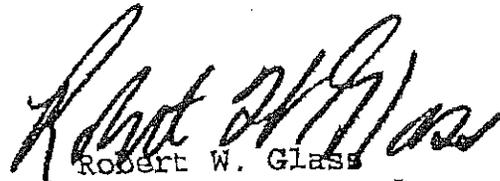
IT IS, THEREFORE, ORDERED that the Harrison County Commission Order of September 29, 1998, filed on October 16, 1998, to expand the boundaries of the Short Line Public Service District, be, and the same hereby is, approved.

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

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

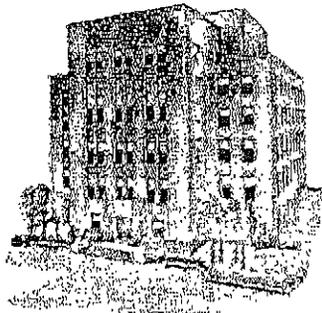
If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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



Robert W. Glass
Administrative Law Judge

RWG:dfs
981518AA.WPD



HARRISON COUNTY COURT HOUSE

Harrison County Commission

301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301
304-624-8500
FAX (304) 624-8673

COMMISSIONERS:
FRANK "CHUNKY" ANGOTTI
BERNIE FAZZINI
RONALD R. WATSON

At the regular meeting of the County Commission of Harrison County held on Thursday, March 25, 2010, Commissioners Frank Angotti and Bernie Fazzini were present. Also present were Jan Bozarth, Deputy County Clerk and Regina Seamon, Administrative Secretary. Commissioner Ron Watson and Susan Thomas, County Clerk, was not present. Commissioner Angotti opened the meeting and led those present in the Pledge of Allegiance to the Flag. Anyone wishing to speak during Public Comment may do so at end of Agenda items.

1. Action on Consent Agenda: Fazzini moved to approve Consent Agenda and Motion passed unanimously.
2. Payroll Change Notices: NONE
3. Exonerations/Corrective Tickets/Joint Property Applications: Angotti moved to approve Exonerations as presented and Commission concurred.
4. Consolidations of Land/Segregations of Land: NONE
5. Greg Skidmore RE: Addressing & Mapping updates: Skidmore gave update on field collection in Bridgeport area, stating it was near completion. He also stating Salem collection is presently at 87%.
6. Terry Schulte RE: Status of various projects:
 - A. Census Bureau Letter: Schulte explained that this is in regard to a new construction program, which is voluntary. She stated the County signed up for this program, but could not be continued after they found out they needed street addresses, which were not available. All addressing will be available at the next Census, which should start in 2017.
 - B. Rails to Trails from Lost Creek to VA Park: Plans are being reviewed by DOH and when this is done, it will go out to bid.
 - C. Fourco Site: The State is bringing in the USEPA on Fourco site, which includes the Northview/Spelter Trails. There is a meeting on April 13, 2010 at 10:30 a.m.
7. Letter from North Central Regional EMS, Inc RE: Request for funding: Request is for educational purposes. Fazzini moved to approve and Commission concurred.
8. Approve FY 2010-2011 budget: Fazzini moved to approve pending final numbers and Commission concurred.
9. Petition RE: Estate of Elma Arlene Trader/set hearing date: Set hearing date for Thursday, April 22, 2010.



10. Letter from Greater Clarksburg Convention Visitors Bureau RE: Request for funding/Prodigy Foundation/WV Teachers Launching Future Explorers: Kathy Titus spoke regarding Criterion Bike Races, which involves Collegiate Cycle teams, will be held Saturday, April 10, 2010. At the same time, the Bureau is working with the Board of Education with their Safe Route to Schools Program and Governor's Highway Safety Program. There will be events all day on 4/10/2010, from 10:00 a.m. to 4:00 p.m., at Jackson Square. Titus went on to highlight events for the WV Teachers Launching Future Explorers event. Fazzini then moved to approve \$3,000.00 and Commission concurred.

11. FAX from Short Line PSD RE: Board reappointment/Eugene W. Rogers: Fazzini moved to approve reappointment and Commission concurred.

12. Letter from State Auditor RE: Understanding of services for FY ending June 30, 2009/for signature: Fazzini moved to authorize President's signature and Commission concurred.

13. Letter from ACS RE: Request for funding/College Student Internship/High School Outreach Apprenticeship: Fazzini moved to approve and Commission concurred.

PUBLIC COMMENT:

Bobby Samples, Salem, WV: Samples informed the Commission that Monday, 3/29/2010, there will be a special Salem International University Auxiliary meeting at 6:30 p.m. at 7th Day Baptist Church in Salem, including a Cultural event, an African Jazz Mass. Samples went on to state that on Monday, April 19, 2010, there will be a meeting at the Erickson Alumni Center at Salem International University. This will be a combination meeting of Chamber and Salem Improvement Movement.

Commission President stated for the record that Paul Bump Jr. was present.

With no further business to come before the Commission, meeting adjourned.



Frank Angotti, President

4/11/10
Date

ORDERS — Commissioners Harrison County, W. Va.

0633

Session Held

FRIDAY, OCTOBER 23,

20 09

CASIO & HARRIS, INC., SPENCER, W. VA. RE-ORDER NO. 20018-06

STATE OF WEST VIRGINIA,

In the presence of the Clerk of the Harrison County Commission
In vacation of the Commission, FRIDAY, OCTOBER 23, 2009:

NO BUSINESS WAS TRANSACTED BY THE CLERK.

Attest: Clerk

BK0078-PG0633

STATE OF WEST VIRGINIA,

In the presence of the Clerk of the Harrison County Commission
In vacation of the Commission, MONDAY, OCTOBER 26, 2009:

NO BUSINESS WAS TRANSACTED BY THE CLERK.

Attest: Clerk

STATE OF WEST VIRGINIA,

In the presence of the Clerk of the Harrison County Commission
In vacation of the Commission, TUESDAY, OCTOBER 27, 2009:

Ronald Michael

Re-Appointed Member of Sun
Valley Public Service District
Board

On the 16th day of October, 2009 came Ronald Michael, who
was heretofore re-appointed as a Member of the Sun Valley Public
Service District Board and accepted said office or trust and took
the oath prescribed for a term beginning October 16, 2009 and
continuing until October 16, 2015.

✓ Donald A. Wikert

Re-Appointed Member of Short Line
Public Service District Board

On the 23rd day of October, 2009, came Donald A. Wickert,
who was re-appointed as a member of the Short Line Public Service
District Board and accepted said office or trust and took the oath
prescribed by law for a term beginning October 23, 2009 and continuing
until October 23, 2015.

Attest: Clerk

Susan J Thomas
HARRISON County 03:49:42 PM
Instrument No 200900035317
Date Recorded 10/27/2009
Document Type GOR
Book-Page 78-633

ORDERS — Commissioners Harrison County, W. Va.

0455

THURSDAY, JULY 30,

20 09

Session Held

CASTO & HARRIS, INC., SPENCER, W. VA. RE-ORDER NO. 20016-08

✓ Gary W. Fain

Appointed Member of Short
Line Public Service District

This day came Gary W. Fain, who was appointed as a Member of the Short Line Public Service District, and accepted said office or trust and took the oath of office as prescribed by law, for a term beginning July 27, 2009 and continuing until July 27, 2015.

BOOK 78 PAGE 455

Susan J Thomas
HARRISON County 09:56:49 AM
Instrument No 200900025194
Date Recorded 07/31/2009
Document Type GOR
Book-Page 78-455

BK0036 PG0640

OATH OF OFFICE AND CERTIFICATE

Susan J Thomas
HARRISON County 02:58:31 PM
Instrument No 200900035240
Date Recorded 10/27/2009
Document Type OATH
Book-Page 36-640

STATE of WEST VIRGINIA)
Harrison County, to-wit)

I do solemnly swear that I will support the Constitution of the United States and the
Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the
office of Member, Short Line Public Service District

to the best of my skill and judgement: SO HELP ME GOD.

Signature of Affiant [Handwritten Signature]
Donald A. Wikert

Subscribed and sworn to before me, in said County and State, this 23rd
day of October, 2009

[Handwritten Signature]
Frank T. Angotti, Jr., President

[Handwritten Signature]
Bernie Fazzini, Member

[Handwritten Signature]
Ron Watson, Member

BN0036 PG0598

OATH OF OFFICE AND CERTIFICATE

Susan J Thomas
HARRISON County 09:22:11 AM
Instrument No 200900025173
Date Recorded 07/31/2009
Document Type OATH
Book-Page 36-598

STATE of WEST VIRGINIA)
)
Harrison County, to-wit)

I do solemnly swear that I will support the Constitution of the United States and the
Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the
office of Member, Short Line Public Sevice District

[Blank lines for signature and name]

to the best of my skill and judgement: SO HELP ME GOD.

Signature of Affiant [Handwritten Signature]
Gary W. Fain

Subscribed and sworn to before me, in said County and State, this 27th
day of July, 2009

[Handwritten Signature]
Frank T. Angotti, Jr., President

[Handwritten Signature]
Bernie Ranzini, Member

[Handwritten Signature]
Ron Watson, Member

RULES OF PROCEDURE
SHORT LINE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SHORT LINE PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Rt. 20, North, Wallace, Harrison County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Short Line 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 Harrison County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the third Thursday 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 Harrison 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 Harrison County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

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

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

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

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 26th day of May, 2005.

SHORT LINE PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

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

The undersigned SECRETARY of the Public Service Board of Short Line 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 Short Line Public Service District met in regular session, pursuant to notice duly posted, on the 25th day of March, 2010, in Harrison County, West Virginia, at the hour of 7:00 p.m.

PRESENT:

Eugene W. Rogers, Chairman
Don Wikert, Treasurer
Gary Faris, Secretary
Tom Aman, Steptoe & Johnson

Eugene W. Rogers, Chairman, presided, and Gary Faris, 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.

Eugene W. Rogers was nominated for Chairman and a vote was held and Eugene W. Rogers was unanimously elected as Chairman.

Gary Faris was nominated for Secretary and a vote was held and Gary Faris was unanimously elected as Secretary.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION
AND CONSTRUCTION OF IMPROVEMENTS AND
EXTENSIONS TO THE EXISTING PUBLIC WATER
SYSTEM OF SHORT LINE PUBLIC SERVICE

DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Don Wikert and seconded by Eugene W. Rogers, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF SHORT LINE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Don Wikert and seconded by Eugene W. Rogers, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Don Wikert and seconded by Eugene W. Rogers, it was unanimously ordered that the said Sweep Resolution be adopted.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Don Wikert and seconded by Eugene W. Rogers, it was unanimously ordered that the said Draw Resolution be adopted.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Short Line Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

Dated: April 6, 2010.


Secretary

SHORT LINE PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

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

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Eugene W. Rogers, Chairman, presided, and Gary Faris, 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.

Eugene W. Rogers was nominated for Chairman and a vote was held and Eugene W. Rogers was unanimously elected as Chairman.

Gary Faris was nominated for Secretary and a vote was held and Gary Faris was unanimously elected as Secretary.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION
AND CONSTRUCTION OF IMPROVEMENTS AND
EXTENSIONS TO THE EXISTING PUBLIC WATER
SYSTEM OF SHORT LINE PUBLIC SERVICE

DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Don Wikert and seconded by Eugene W. Rogers, it was unanimously ordered that the said Draw Resolution be adopted.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Short Line Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

Dated: April 6, 2010.


Secretary

WV MUNICIPAL BOND COMMISSION
 1207 Quarrier Street
 Suite 401
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6-Apr-10

ISSUE: <u>Short Line Public Service District</u>	
<u>Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund)</u>	
ADDRESS: <u>Post Office Box 188, Wallace, West Virginia 26448</u>	COUNTY: <u>Harrison</u>
PURPOSE OF ISSUE:	
New Money: <u>x</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
Refunding: _____	
ISSUE DATE: <u>6-Apr-10</u>	CLOSING DATE: <u>6-Apr-10</u>
ISSUE AMOUNT: <u>\$600,000</u>	RATE: <u>0%</u>
1ST DEBT SERVICE DUE: <u>1-Jun-11</u>	1ST PRINCIPAL DUE <u>1-Jun-11</u>
1ST DEBT SERVICE AMOUNT <u>\$3,847</u>	PAYING AGENT: <u>Municipal Bond Commission</u>
BOND COUNSEL:	
Firm: <u>Step toe & Johnson PLLC</u>	UNDERWRITERS COUNSEL
Contact <u>John Stump, Esquire</u>	Firm: <u>Jackson Kelly, PLLC</u>
Phone: <u>304.353.8196</u>	Contact: <u>Samme Gee, Esquire</u>
	Phone: <u>304.340.1318</u>
CLOSING BANK:	
Bank: <u>The Huntington National Bank</u>	ESCROW TRUSTEE:
Contact: <u>Mariah Gibson</u>	Firm: _____
Phone: <u>304.592.2700</u>	Contact: _____
	Phone: _____
KNOWLEDGEABLE ISSUER CONTACT	
Contact: <u>Eugene Rogers</u>	OTHER:
Position: <u>Chairman</u>	Agency: <u>West Virginia Infrastructure &</u>
Phone: <u>304.796.4667</u>	<u>Jobs Development Council</u>
	Contact: <u>Angela Chestnut, P.E.</u>
	Position: <u>Executive Director</u>
	Phone: <u>304.558.4607</u>
DEPOSITS TO MBC AT CLOSE	
By: <u>x</u> Wire	Accrued Interest: \$ _____
_____ Check	Capitalized Interest: \$ _____
	<u>x</u> Reserve Account: \$ <u>15,388</u>
	Other: \$ _____
REFUNDS & TRANSFERS BY MBC AT CLOSE	
By: _____ Wire	To Escrow Trustee \$ _____
_____ Check	To Issuer \$ _____
_____ IGT	To Cons. Invest. Fun \$ _____
	To Other: _____ \$ _____
NOTES: <u>The Series 2010 A Bonds Reserve Account will be fully funded with bond proceeds.</u>	

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

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The Huntington National Bank, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Short Line Public Service District (the "Issuer") adopted March 25, 2010, and the Supplemental Resolution of the Issuer adopted March 25, 2010 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated April 6, 2010, issued in the principal amount of \$600,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 6th day of April, 2010

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

03.08.10
820440.00003

SHORT LINE PUBLIC SERVICE DISTRICT

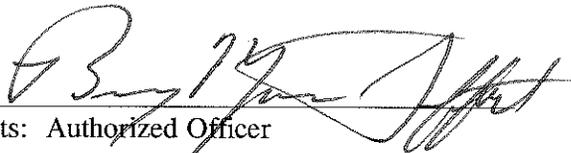
Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Short Line Public Service District Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated April 6, 2010, issued in the aggregate principal amount of \$600,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 6th day of April, 2010.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

03.08.10
820440.00003

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Short Line Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, dated April 6, 2010, in the principal amount of \$600,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 6th day of April, 2010.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

03.08.10
820440.00003

CH5016142.2

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of April, 2010, by and between SHORT LINE 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 \$600,000 Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted March 25, 2010, and the Supplemental Resolution of the Issuer duly adopted March 25, 2010 (collectively, the "Bond Legislation");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Short Line Public Service District
 Post Office Box 188
 Wallace, West Virginia 26448
 Attn: Chairman

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

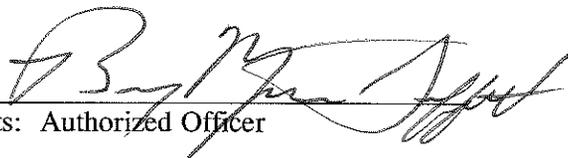
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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

SHORT LINE PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

03.08.10
820440.00003

EXHIBIT A

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

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES
Invoice Date April 6, 2010

**Short Line Public Service District
Account Number 6089001809**

Short Line Public Service District
Water Revenue Bond, Series 2010 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR April, 2010

TOTAL AMOUNT	\$ 500.00
TOTAL DUE	<u>\$ 500.00</u>

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

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

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

10-209
Permit

PWSID: WV3301722

Randy W
matt F.

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

(Water)
PROJECT: Jay Farm Two (2) 151,000 Gallon Tanks **PERMIT NO.:** 18,050
LOCATION: near Sardis **COUNTY:** Harrison **DATE:** 7-14-2008

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

**Short Line Public Service District
P. O. Box 188
Wallace, West Virginia 26448**

is hereby granted approval to: replace the existing 250,000 gallon Jay Farm water storage tank with two (2) 151,000 gallon tanks.

Facilities are to serve the Short Line Public Service District.

NOTE: This permit is contingent upon: 1) All new water lines and storage tanks being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new 151,000 gallons tanks with a minimum six (6) feet high fence with a locking gate.

The Office of Environmental Health Services **OEHS Philippi District Office**, telephone (304) 457-2296, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR


William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:bms

pc: Thrasher Engineering, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Harrison County Health Department
OEHS-EED Philippi District Office

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
02/09/2010

PRODUCER (304)375-4900 FAX (304)375-2162
 Bill Bailey Insurance Agency
 701 Highland Avenue
 P. O. Box 246
 Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Short Line PSD
 Attn: Starla Bates
 PO Box 188
 Wallace, WV 26448

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	TBD	03/01/2010	03/01/2011	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
						MED EXP (Any one person)	\$ 10,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 3,000,000
						PRODUCTS - COMP/OP AGG	\$ 3,000,000
		AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT (Ea accident)	\$
		<input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
		<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
		EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE	\$
		<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				AGGREGATE	\$
							\$
							\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS	OTHER
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder listed below is named as Additional Insured

CERTIFICATE HOLDER

WV Water Development Authority
 180 Association Drive
 Charleston, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Starla Bates

SHORT LINE PUBLIC SERVICE DISTRICT

\$637,000 Water System Revenue Bonds,
Series 1973

BOND RESOLUTION

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SHORT LINE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$637,000 WATER SYSTEM REVENUE BONDS, SERIES 1973, OF SHORT LINE PUBLIC SERVICE DISTRICT TO FINANCE THE COSTS OF CONSTRUCTING A WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR THE FIXING, ESTABLISHING AND COLLECTING OF RATES AND CHARGES FOR THE SERVICES OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SHORT LINE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Short Line Public Service District is a public service district created pursuant to said Article 13A.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Short Line Public Service District (herein called the "District"), in Harrison and Wetzel Counties, State of West Virginia, does not have a public waterworks or water supply, and the inhabitants thereof urgently require prompt construction of such a waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed and acquired a public waterworks system of the District consisting of water storage and distribution facilities (water for the system to be purchased under agreement with Clarksburg Water Board) and appurtenant facilities (herein called the "Project"), and being more particularly described in and according to the plans and specifications prepared by Hornor Brothers Engineers, Consulting Engineers, Clarksburg, West Virginia (herein called the "Consulting Engineer"), and heretofore filed in the office of the Secretary of the Public Service Board (herein called the "Board") of the District.

(C) It is necessary for the District to issue its revenue bonds in the principal amount of \$637,000 to finance the cost of construction of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the Project is \$1,134,000, of which amount \$637,000 will be obtained from the proceeds of sale of the 1973 Bonds herein authorized and \$497,000 from a grant by the Government.

(E) The cost of the Project shall be deemed to include, without being limited to, the acquisition of any necessary property, real or personal, or interest therein; payments pursuant to construction contracts; interest on the 1973 Bonds during and for six months after completion of such construction to the extent that revenues of the

System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized by this Resolution.

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

(G) There are not outstanding any bonds or other obligations of the District payable out of the revenues pledged for payment of the 1973 Bonds or having any lien upon any of the properties and moneys subject to liens in favor of the 1973 Bonds as herein provided.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the Project and issuance of the 1973 Bonds, or will have so complied prior to issuance of any of the 1973 Bonds including, among other things, obtaining the consent and approval, pursuant to the Act, for the issuance of the 1973 Bonds by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired, and has complied with all applicable pollution abatement or control laws and regulations.

Section 1.03. Resolution to Constitute Contract.

In consideration of the acceptance of the 1973 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed

to be and shall constitute a contract between the District and such Bondholders, and the covenants and agreements herein set forth to be performed by the District shall be for the equal benefit, protection and security of the legal holders of any and all such 1973 Bonds, and the coupons appertaining thereto, all which shall be of equal rank without preference, priority or distinction of any of the 1973 Bonds or coupons over any other thereof, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings in this Resolution unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bonds" means the \$637,000 Water System Revenue Bonds, Series 1973, originally authorized to be issued pursuant to this Resolution and shall also be deemed to include, where appropriate, the interest coupons appertaining to the Bonds; and also includes any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained in This Resolution, and the interest coupons appertaining to such additional parity Bonds.

"1973 Bonds" means the Bonds hereby authorized to be issued initially.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means Horner Brothers Engineers, Consulting Engineers, Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Short Line Public Service District, of Harrison and Wetzel Counties, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Facilities" or "sewer facilities" means all the facilities of the System and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto, and properties, furniture, fixtures or equipment therefor, hereafter at any time construed or acquired.

"Fiscal Year" means each year beginning July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration and any governmental successor thereof.

"Herein" means in this Resolution.

"Holder of the Bonds" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered other than to the bearer, or of any coupons representing interest accrued or to accrue on said Bonds.

"Net Revenues" means the balance of the gross revenues, as defined herein, remaining after deduction only of operating expenses, as defined herein.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of any series of Bonds issued pursuant hereto, or any part of any such series.

"Project" shall have the meaning stated in Section 1.02(B) to be constructed and acquired as herein provided and financed with the proceeds of sale of the 1973 Bonds.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

"System" means the Project, including all water-works facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BONDS

Section 2.01. Authorization of Bonds. Subject and pursuant to the provisions of this Resolution, Bonds of the District, to be known as "Water System Revenue Bonds, Series 1973" are hereby authorized to be issued in the aggregate principal amount of not exceeding Six Hundred Thirty-Seven Thousand Dollars (\$637,000) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bonds. The 1973 Bonds may be issued in coupon or fully registered form without coupons, and shall be dated on the date of delivery. The 1973 coupon Bonds shall be in the denomination of \$1,000 each, shall be numbered in order of maturity, lowest numbers first, from 1 to 637, inclusive, and shall bear interest from date, payable annually on January 1 of each year, at the rate or rates of not to exceed the rate of five per centum (5%) per annum. The minimum price for the 1973 Bonds shall be the par value thereof. Coupon and fully registered 1973 Bonds shall be exchangeable and interchangeable at the expense of the holder on 90 days' notice in writing to the District, provided that the two fully registered 1973 Bonds issued upon initial delivery of the 1973 Bonds by the District shall be exchanged for coupon Bonds at the expense of the District.

The 1973 Bonds shall mature serially in numerical order, lowest numbers first, on January 1 in years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1976	\$ 5,000	1989	\$11,000	2002	\$21,000
1977	6,000	1990	12,000	2003	22,000
1978	6,000	1991	12,000	2004	23,000
1979	7,000	1992	13,000	2005	24,000
1980	8,000	1993	14,000	2006	26,000
1981	8,000	1994	14,000	2007	27,000
1982	8,000	1995	16,000	2008	28,000
1983	8,000	1996	16,000	2009	29,000
1984	9,000	1997	16,000	2010	32,000
1985	9,000	1998	17,000	2011	32,000
1986	9,000	1999	18,000	2012	34,000
1987	10,000	2000	19,000	2013	37,000
1988	11,000	2001	20,000		

The 1973 Bonds shall be redeemable prior to their respective stated dates of maturity at the option of the District, in whole or in part, in inverse numerical order on January 1, 1985, and on any January 1 thereafter at the price of the par value thereof and accrued interest to the date of redemption, subject to earlier redemption as provided in Section 3.01 hereof upon completion of the Project. If all the 1973 Bonds are held by the Government, all or any number of the 1973 Bonds may be redeemed at any time in inverse numerical order.

Notice of the redemption of any of the 1973 Bonds shall be published at least once not less than thirty nor more than sixty days prior to the date of redemption in a financial newspaper published in the City of New York, New York, and notice of any such redemption shall be sent by registered or certified mail to the holders of registered 1973 Bonds. If all 1973 Bonds to be redeemed are registered other than to bearer, no publication of notice of such redemption need be made. Interest shall cease upon any of the 1973 Bonds so called for prior redemption on the date fixed for redemption, provided payment thereof has been duly made or provided for.

The 1973 Bonds shall be payable with respect to both principal and interest in lawful money of the United States of

America at the office of the State Sinking Fund Commission, Charleston, West Virginia, or at First National City Bank, New York, New York, at the option of the holder unless otherwise provided in and for the single, fully registered Bonds, and shall bear interest from their date, payable in accordance with and, as to coupon Bonds not registered as to interest, upon the surrender of the appurtenant interest coupons as they severally mature.

Section 2.03. Execution of Bonds and Coupons. The Bonds shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall 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 Bond may be signed and sealed on behalf of the District by such person as at the actual time of the execution of such Bonds shall hold the proper office on the Board, although at the date of such Bond such person may not have held such office or may not have been so authorized.

The 1973 Bonds may be sold at one time in their entirety or from time to time in installments as the Board may determine without preference or priority as to any of the 1973 Bonds on account of any such sale in installments.

The coupons to be attached to the 1973 Bonds shall be authenticated with the facsimile signatures of the present or any future Chairman and Secretary, and the District may adopt and use for that purpose the facsimile signature of any person who shall have been such Chairman or Secretary at the time when

said 1973 Bonds shall be actually sold and delivered.

Section 2.04. Negotiability and Registration. The coupon Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of West Virginia and shall pass by delivery except when registered. The 1973 coupon Bonds may be registered as to principal only or converted into Bonds registered as to both principal and interest in accordance with the provisions of the forms hereinafter provided.

Section 2.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond with all unmatured coupons attached of like tenor as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and attached coupons, if any, destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may require. All Bonds and coupons so surrendered shall be canceled and held for the account of the District. If any such Bond or coupon shall have matured or be about to mature, instead of issuing a substitute Bond or coupon, the District may pay the same, upon being indemnified as aforesaid, and, if such Bond or coupon be destroyed, stolen or lost, without surrender thereof.

Any such duplicate Bond and coupon issued pursuant to this Section shall constitute original, additional, con-

tractual obligations on the part of the District, whether or not the destroyed, stolen or lost Bonds or coupons be at any time found by anyone, and such duplicate Bonds and coupons shall be entitled to equal and proportionate benefits with all other Bonds and coupons issued hereunder.

Section 2.06. Bonds Secured by Pledge of Revenues.

The payment of the debt service of all the Bonds shall be secured forthwith equally and ratably by a first lien on the net revenues derived from the system, in addition to the statutory mortgage lien on the system hereinafter provided for.

Section 2.07. Form of Bonds and Coupons. Subject

to the provisions of this Resolution, the text of the 1973 Bonds, the provisions for registration to be endorsed thereon, the coupons, the single Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Coupon Bonds)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTIES OF HARRISON AND WETZEL
SHORT LINE PUBLIC SERVICE DISTRICT
WATER SYSTEM REVENUE BOND,
SERIES 1973

No.

\$1,000

SHORT LINE PUBLIC SERVICE DISTRICT, in the Counties of Harrison and Wetzel, State of West Virginia, a public corporation and political subdivision of the State of West Virginia (herein called the "District"), for value received, hereby promises to pay to the bearer, or, if this Bond be registered, to the registered holder as herein provided, on the first day of January, , from the revenues hereinafter mentioned, the principal sum of

ONE THOUSAND DOLLARS

with interest thereon at the rate of _____ per centum (%) per annum, payable on the first day of January of each year, upon the presentation and surrender of the annexed coupons as they severally fall due, unless this Bond be converted into a Bond registered as to both principal and interest. Both principal of and interest on this Bond are payable in lawful money of the United States of America at the office of the State Sinking Fund Commission, Charleston, West Virginia, or, at the option of the holder, at First National City Bank, New York, New York.

The Bonds of the issue of which this Bond is one may be redeemed prior to their stated maturities, without premium, at the option of the District as a whole, or in part in inverse numerical order, on any January 1 beginning January 1, 1985, as provided in the Resolution hereinafter

mentioned, subject to earlier redemption if held by the Federal Government or from moneys in the Project Construction Account, all as provided in said Resolution. Notice of any such redemption shall be published at least once not less than thirty nor more than sixty days prior to the redemption date in a financial newspaper published in the City of New York, New York. Interest shall cease upon this Bond after the date fixed for redemption if it shall be duly called for prior redemption and payment thereof duly provided for.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of Six Hundred Thirty-Seven Thousand Dollars (\$637,000) of like date, tenor and effect, except as to number* and date of maturity issued to finance the cost of construction and acquisition of a waterworks of the District under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A, Chapter 16 of the West Virginia Code (herein called the "Act") and other applicable statutes, and a Resolution duly adopted by the Public Service Board of the District.

This Bond and the coupons appertaining hereto are payable solely from, and secured by a first lien on and pledge of, the net revenues derived from the operation of said waterworks, with monthly payments from such revenues to be made into the Sinking Fund with the State Sinking Fund Commission for payment of the principal hereof and interest herein, in the manner provided in the Resolution providing for the Bonds of the issue of which this Bond is one, and do not and shall not in any event constitute an indebtedness of the District

*add ", interest rate" if more than one rate
add ", date of issuance" if more than one date

within the meaning of any constitutional or statutory provisions or limitations, and the District shall never be obligated to pay this Bond or the interest hereon except from the revenues of said waterworks, as provided in said Resolution. The District covenants with the holders of the Bonds of the issue of which this Bond is one to establish and at all times maintain such rates and collect such charges for the services and facilities of said waterworks, and to revise the same from time to time, whenever necessary, as will always provide revenues in each fiscal year sufficient to make the required payments into the Sinking Fund and the reserves and accounts as provided in said Resolution and to pay all necessary expenses of operating and maintaining the said waterworks during such fiscal year, and the District has entered into certain other covenants with the holders of the Bonds of the issue of which this Bond is one, for the terms of which reference is made to said Resolution.

Additional Bonds on a parity with this Bond and the Bonds of the issue of which this Bond is one, as to lien and source of and security for payment, may be issued under the provisions and restrictions contained in said Resolution.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in regular and due form, time and manner as required by the laws and Constitution of the State of West Virginia applicable thereto, and that the issuance of this Bond and of the issue of Bonds of which this Bond is one is not in violation of any constitutional or statutory limitation of indebtedness.

This Bond, under the provisions of the Act, is, and

has all the qualities and incidents of, a negotiable instrument.

This Bond and the interest hereon are exempt from taxation by the State of West Virginia and the other taxing bodies of said State.

IN WITNESS WHEREOF, Short Line Public Service District has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be affixed hereto and attested by the Secretary of said Board, and the annexed coupons to be executed with the facsimile signatures of said Chairman and said Secretary, all as of the ____ day of _____, 1973.

SHORT LINE PUBLIC SERVICE
DISTRICT

By _____
Chairman of its Public
Service Board

ATTEST:

[SEAL]

Secretary of its Public
Service Board

(Form of Coupon)

§

On the first day of January, 19 , unless the Bond to which this coupon was originally attached shall have been callable and duly called for prior redemption and payment of the redemption price duly made or provided for, Short Line Public Service District, in Harrison and Wetzel Counties, West Virginia, will pay to the bearer at the office of the State Sinking Fund Commission, Charleston, West Virginia, or, at the option of the holder, at First National City Bank, New York, New York, solely from the revenues described in the Bond to which this coupon is attached, the sum shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being the interest then due on its Water System Revenue Bond, Series 1973, dated _____, 1973, No.

SHORT LINE PUBLIC SERVICE
DISTRICT

By (facsimile signature)
Chairman, Public Service Board

ATTEST:

(facsimile signature)
Secretary, Public Service Board

(CERTIFICATE OF CONVERSION)

It is hereby certified over my signature and the official seal of the issuing Public Service District that upon the presentation of the within Bond with a written request by the holder thereof for its conversion into a bond registered as to both principal and interest, there have been this day cut off and destroyed ___ interest coupons attached thereto, of the amount and value of _____ each, being all the coupons for interest on the within Bond payable after the date of this certificate, and that the interest at the rate and on the dates stated in the within bond and as was provided by the coupons, as well as the principal, is to be paid to the registered holder hereof, his legal representatives, successors or transferees, at the place stated in the within bond and as was stated in the coupons. The principal of and interest on this Bond shall be payable only to the registered holder hereof named in the registration blank below, or his legal representative, and this Bond shall be transferable only on the books of the registrar kept in the office of the undersigned, and by an appropriate notation in such registration blank. When registered the registrar shall treat the registered owner as the person exclusively entitled to payment of interest and the exercise of all other rights and powers of the owner prior to due presentment for registration of transfer.

Dated: _____, 19__.

[SEAL OF PUBLIC SERVICE DISTRICT]

_____, Registrar

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Treasurer of Public Service District as Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Form of Single, Fully Registered Bonds)

REVENUE BOND

SHORT LINE PUBLIC SERVICE DISTRICT

No. R-1^{a/}

Date: _____

FOR VALUE RECEIVED, SHORT LINE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its office in Clarksburg, West Virginia, or at such other place as the Government may hereafter designate in writing, the principal sum of Five Hundred Thousand Dollars (\$500,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Interest only on January 1, 1974, and January 1, 1975, and \$29,645 annually thereafter on January 1, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

^{a/} Bond No. R-2 will be in denomination of \$137,000. Annual payments upon Bond No. R-2 commencing January 1, 1976, will be \$8,125.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled

accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding, for the purpose of providing funds for financing costs of acquisition and construction of a waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of

West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof. Constituting part of the same issue of Bonds of which this Bond is one is Bond No. R-2, in the aggregate principal amount of \$167,000, in all respects on a parity with this Bond and identical herewith except as to the principal sum, number and the principal amount of each annual payment required.

[CORPORATE SEAL]

ATTEST:

SHORT LINE PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman
(Title of Executive Official)

Route 2, Box 11
(Post Office Box No. or Street
Address)

(Signature of Attesting
Official)

Secretary
(Title of Attesting Official)

Wallace, West Virginia 26448
(City, State and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL

Pay to the Order of _____

UNITED STATES OF AMERICA
 FARMERS HOME ADMINISTRATION

By _____

 (Title)

ARTICLE III
BOND PROCEEDS; REVENUES AND
APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of any or all the 1973 Bonds shall be deposited on receipt by the District in The Lowndes Bank, Clarksburg, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC) in a special account heretofore created and designated as "Short Line Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of the Project, the District will transfer from the Project Construction Account and deposit in the Sinking Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the 1973 Bonds on such interest payment date.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and

the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall first be used to refund promptly any overpayment made with respect to any Federal grant, and any moneys then remaining in the Project Construction Account shall be promptly used to redeem or prepay the latest maturing 1973 Bonds and any residue shall be deposited in the Sinking Fund. The 1973 Bonds shall be subject to such redemption or prepayment without premium under the conditions stated in this paragraph.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and Reserve Account therein, hereinafter established, a sum sufficient to pay, when due or at the earliest practical redemption date, the entire principal of the Bonds remaining unpaid together with interest accrued and to accrue thereon, the District further covenants with the holders of any and all Bonds issued pursuant to this Resolution as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund (herein called the "Revenue Fund") is hereby established with said The Lowndes Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other

funds of the District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

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10/8/74

(2) The District shall next, each month, transfer from the ~~Depreciation~~ ^{Revenue} Fund and remit to the State Sinking Fund Commission for deposit into the Sinking Fund, which is hereby established with the State Sinking Fund Commission, one-twelfth of the amount required to pay the interest becoming due on the Bonds on the next interest payment date and commencing with the month of January, 1975, one-twelfth of the amount of the principal maturing on the next Bond principal maturity date or, in the event a single fully registered Bond represents the entire issue, one-twelfth of the annual payment required by such single, fully registered Bond.

(3) The District shall next, each month, transfer from the Revenue Fund and remit to the State Sinking Fund Commission, for deposit into the Reserve Account hereby established in the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bonds outstanding until the amount in the Reserve Account equals such maximum annual aggregate amount of interest and principal. After such amount has been accumulated in the Reserve Account, the District shall monthly remit to the State Sinking Fund Commission such part of the moneys remaining in the ~~Depreciation~~ ^{Rev.} Fund, after such provision for payment of maturing principal of and interest on the Bonds, as shall be required to maintain such amount in the Reserve Account. Moneys

in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund for payment of the principal of and interest on the Bonds as the same shall mature or for mandatory redemption of Bonds as hereinafter provided and for no other purpose.

(4) The District shall next, each month, transfer from the Revenue Fund and remit to the State Sinking Fund Commission the moneys remaining in the Revenue Fund and not permitted to be retained therein, for deposit in the Replacement Reserve hereby established with the State Sinking Fund Commission, until there has been accumulated therein the sum of \$17,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Replacement Reserve shall be used first to make up any deficiencies in the Sinking Fund for payment of principal of and interest on the Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom to the Sinking Fund. Thereafter, and provided that payments into the Sinking Fund and the Reserve Account therein are current and in accordance with the foregoing provisions, moneys in the Replacement Reserve may be withdrawn by the District and used for extensions, replacements and improvements of the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Replacement Reserve have been fully complied with, any moneys therein in excess of the sum required to be maintained therein may be used to redeem Bonds outstanding or for any lawful purpose, the State Sinking Fund Commission to handle redemption of Bonds upon instructions of the District.

Whenever the moneys in the Sinking Fund and in the Reserve Account therein shall be sufficient to purchase or redeem all Bonds outstanding, it shall be the mandatory duty of the

District, anything to the contrary in this Resolution notwithstanding, to direct the State Sinking Fund Commission to purchase or redeem all outstanding Bonds at the earliest practical date and in accordance with applicable provisions hereof, any such purchase to be at a price or prices not exceeding the then market price of Bonds so purchased, but in no event exceeding the then redemption price of the Bonds, as to Bonds subject to redemption, and not exceeding the par value of Bonds not subject to redemption but available for purchase.

The State Sinking Fund Commission is hereby designated as the Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Replacement Reserve as herein provided, and all amounts required therefor will be remitted to the State Sinking Fund Commission from the Revenue Fund by the District at the times provided herein, together with written advice stating the amount remitted for deposit into said Fund, Account and Reserve.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Bondholders shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to place the required amount in any of the funds or accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to those which would other-

wise be required to be made into the funds or accounts on the subsequent payment dates.

The State Sinking Fund Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Replacement Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

(C) Initial Deposit in Revenue Fund. Prior to issuance of the 1973 Bonds, the District shall collect a tap fee in the amount of \$20.00 from at least 647 prospective residential customers of the System, in the aggregate sum of not less than \$12,940, and shall deposit the same in the Revenue Fund.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account therein a sum sufficient to pay when due, or redeem or purchase prior to maturity, the entire principal of the 1973 Bonds remaining unpaid, together with interest accrued and to accrue thereon and any applicable redemption premiums, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Bondholders.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues which will equal not less than 110% of the average annual debt service on all Bonds outstanding and to make the payments required herein into the Sinking Fund, the Reserve Account and the Replacement Reserve, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay all the Bonds and the interest thereon as herein provided. The proceeds from such sale, mortgage, lease or other disposition

of the System shall immediately be remitted to the State Sinking Fund Commission and the District shall direct said Commission to apply such proceeds to the payment of principal and interest of the Bonds at the redemption price, as herein provided, or upon purchase at the then current market price not exceeding the par value thereof plus accrued interest to the date of purchase. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the District by the State Sinking Fund Commission unless necessary for the payment of other obligations issued by the District and payable out of the revenues of the System.

The foregoing provision notwithstanding, the District shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof, provided that the net book value thereof does not exceed \$5,000. Prior to any such sale, lease or other disposition of said property, the general manager or other duly authorized officer in charge of the System shall make a finding in writing, concurred in by resolution of the Board, determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and such proceeds shall be deposited in the Replacement Reserve.

Payments of such proceeds into the Replacement Reserve shall not reduce the amounts required to be paid into the Replacement Reserve by other provisions of this Resolution.

Section 4.04. Covenant Against Encumbrances. The District will not issue any obligations whatsoever, except

additional parity Bonds hereinafter provided for, payable from the revenues of the System which rank prior to or equally as to lien on and source of and security for payment from such revenues with the Bonds; and all obligations hereafter issued by the District payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues, and in all other respects to the Bonds.

The District will not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge, having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged as security therefor in this Resolution, or upon the System, or any part thereof.

Section 4.05. Issuance of Additional Parity Bonds.

No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

(A) No such additional parity Bonds shall be issued except for the purposes of financing the costs of the construction or acquisition of extensions, additions and improvements to the System or refunding Bonds issued hereunder, except as provided in subsection (G) of this Section.

(B) No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written certification by a certified public accountant not in the regular employ of the District, based upon the necessary investigation, reciting the

conclusion that the net revenues, as defined herein and adjusted as provided below, actually derived from the System during the fiscal year immediately preceding the date of the issuance of such additional parity Bonds, shall have been not less than one hundred twenty per centum (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Bonds originally issued pursuant to this Resolution then outstanding and on any additional parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then outstanding, and on the additional parity Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each Series of the then outstanding Bonds.

(C) Prior to the issuance of any such additional parity Bonds, the District shall have entered into written contracts for the immediate acquisition or construction of such additions, extensions or improvements to the System which are to be financed by such additional parity Bonds.

(D) The term "additional parity Bonds", as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the revenues of the System on a parity with Bonds originally authorized and issued pursuant to this Resolution or with Bonds which were issued pursuant to this Section as additional parity Bonds, and all the covenants and other provisions of this Resolution (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the holders of any Bonds originally authorized and issued pursuant to this Resolution and the holders of any additional parity

Bonds subsequently issued within the limitations of and in compliance with this Section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System, and their source of and security for payment from said revenues, without preference of any Bond or coupon over any other. The District shall comply fully with all the increased payments into the various funds created in this Resolution required for such additional parity Bonds, in addition to the payments required for Bonds theretofore issued hereunder. Redemption of Bonds prior to maturity, in the event that Bonds of more than one series are outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each series.

(E) All additional parity Bonds issued pursuant to this Section shall mature or be subject to mandatory redemption on January 1 of the year or years of maturity, and the interest thereon shall be payable January 1 of each year.

(F) No additional parity Bonds shall be issued at any time unless all the payments into the respective Funds provided for in this Resolution on Bonds then outstanding and all other payments provided for in this Resolution shall have been made or paid up as required to the date of issuance of the additional parity Bonds and the District shall have fully complied with all the covenants, agreements and terms of this Resolution or shall have remedied any deficiency in such compliance.

(G) With the written consent in advance of the original purchaser of the 1973 Bonds and anything to the contrary in subsections (A), (B) and (C) of this Section notwithstanding, additional parity Bonds may be authorized and

issued by the District pursuant to supplemental resolution in the event that the 1973 Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of construction of the Project. Any such additional parity Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of any such additional parity Bonds shall be in years and amounts suggested by such original purchaser.

Section 4.06. Insurance and Bonds. The District hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the,

District from claims for bodily injury and/or death, and not less than \$100,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$100,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Court of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Government holds

any of the Bonds, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District and during such construction will require each contractor and subcontractor to carry insurance of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.07. Statutory Mortgage. For the further protection of the holders of the Bonds and the coupons appertaining thereto, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of any of the Bonds.

Section 4.08. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal, and, if any premium be due, of such premium, of any of the Bonds either at the date therein specified for their payment or on the date fixed for redemption by proceedings for redemption, or otherwise.

(B) Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest.

(C) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bonds or in this Resolution, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding those covered in (A) and (B) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the District by any Bondholder specifying such failure or violation and requiring the same to be remedied.

Section 4.09. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by such Bondholder, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.10. No Priority Between Bonds. The Bonds shall not be entitled to priority one over the other in the application of the revenues of the System or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention of the District that there shall be no priority among the Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 4.11. Fiscal Year; Budget. While any Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later

than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year and shall be mailed to the original purchaser of the Bonds and to those Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately as in the case of the Annual Budget.

Section 4.12. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Operating Income to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this Resolution.

Section 4.13. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this Resolution, subject to permitted changes.

Section 4.14. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds, his agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government and the original purchaser of the Bonds, and shall make available the report of said accountants at all reasonable times to any holder or holders of the Bonds, or any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder, Bondholders or customer.

Section 4.15. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as any of the Bonds are outstanding.

Section 4.16. No Competition. The District will not permit competition with the System within its boundaries or

within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

ARTICLE V
RATES. ETC.

Section 5.01. Initial Schedule of Rates and Charges;

Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES

First	3,000 gallons used per month	\$2.50 per thousand gallons
Next	3,000 gallons used per month	2.25 per thousand gallons
Next	4,000 gallons used per month	2.00 per thousand gallons
Next	15,000 gallons used per month	1.50 per thousand gallons
All over	25,000 gallons used per month	.80 per thousand gallons

MINIMUM CHARGES AND TAP FEES

<u>Meter Size</u>	<u>Minimum Charge</u>	<u>Tap Fee Before Loan Closing</u>	<u>Tap Fee After Loan Closing</u>
5/8 inch	\$ 7.50		
3/4 inch	10.80	\$ 20.00	\$100.00
1 inch	19.20	40.00	100.00
1-1/2 inch	43.20	80.00	100.00
2- inch	76.80	100.00	100.00
3- inch	172.80	100.00	100.00
4- inch	276.50		
6- inch	622.10		

DELAYED PAYMENT PENALTIES

The above schedule is net. All bills are due when rendered. On all accounts not paid in full within ten (10) days of date of bill, ten per cent (10%) will be added to the net amount shown.

If any bill is not paid within thirty (30) days of date of bill, water service to the customer shall be disconnected and the meter locked. Water service shall not be restored until all past due water accounts and accrued penalties, plus a reconnection charge of Five Dollars (\$5.00), have been paid.

TRAILER COURTS

House trailer courts shall be provided with a master meter (or master meters). No bill shall be rendered for less than the following:

Five Dollars and 75 Cents (\$5.75) multiplied by the number of units situated on the court site at the time the meter is read or the minimum charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, or house trailer courts or parks, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a 5/8" to 3/4" meter. Motels and hotels shall pay according to the size of the meter installed.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the District or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. No allowance or adjustment in any bill for use of the service and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

G. The District shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

H. In case of emergency, the District shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the District.

I. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions of this Resolution and the District shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but never less than 110% of the average annual debt service on all Bonds outstanding.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code.

Contemporaneously with the delivery of the Bonds, or sooner, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter, shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerks of the County Courts of said Counties.

Section 6.02. Modification or Amendment. No material

modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of two-thirds or more in principal amount of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the District to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, without the consent of the holders of such Bonds. Notwithstanding the above, no amendment or modification shall be made without unanimous consent of the bondholders which would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications and for consent of 75% of the holders of each Series of Bonds outstanding to waiver or modification of the limitation upon issuance of additional parity Bonds contained in Section 4.05B.

Section 6.03. Sale of Bonds. The Secretary of the

Board is hereby authorized and directed to cause notice for bids for the purchase of all the 1973 Bonds, but not less than all,

to be published at least once not less than five days prior to the date fixed for the receipt of bids, in a newspaper published and of general circulation in Harrison County.

Section 6.04. Refunding of Bonds Permitted. The District reserves the right, subject to applicable provisions of law, to refund the Bonds when in its judgment it would be to the best interests of the District and of its inhabitants so to do. Upon payment of all the Bonds outstanding, prior to or simultaneously with the issuance of any refunding bonds or of an issue of bonds for the purposes of refunding the Bonds then outstanding and providing funds for additions, extensions and improvements to the System, or upon provision for such payment by deposit irrevocably in trust with the State Sinking Fund Commission of West Virginia, of a sum equal to the principal amount of the Bonds outstanding, plus an amount equal to all interest accrued and to accrue to the date of payment or redemption of such Bonds, and plus an amount sufficient to pay all applicable redemption premiums on the earliest practical redemption date, the security, pledge and any lien applicable to the Bonds then outstanding shall immediately cease and determine. The sum so deposited in trust shall be used solely to pay at the earliest practical redemption date the principal amount of the Bonds and all interest thereon to the date of redemption and any applicable redemption premiums, or to purchase Bonds at not to exceed the par value of the Bonds plus interest accrued to date of purchase. The moneys so deposited may be invested by the State Sinking Fund Commission in direct obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by the United States of America, having maturities not later than the dates on which the moneys shall be required to be used for such redemption.

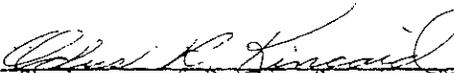
Section 6.05. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bonds or coupons appertaining thereto.

Section 6.06. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

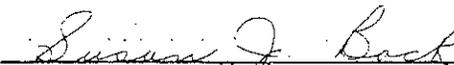
Section 6.07. Table of Contents and Headings. The Table of Contents and headings of the Articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted May 1, 1973.


Chairman of Public Service Board


Member


Member

REVENUE BOND

SHORT LINE PUBLIC SERVICE DISTRICT

No. R-1

Date: _____

FOR VALUE RECEIVED, SHORT LINE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its office in Clarksburg, West Virginia, or at such other place as the Government may hereafter designate in writing, the principal sum of Five Hundred Thousand Dollars (\$500,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Interest only on January 1, 1974, and January 1, 1975, and \$29,645 annually thereafter on January 1, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding, for the purpose of providing funds for financing costs of acquisition and construction of a waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, in-

cluding, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof. Constituting part of the same issue of Bonds of which this Bond is one is Bond No. R-2, in the aggregate principal amount of \$167,000, in all respects on a parity with this Bond and identical herewith except as to the principal sum, number and the principal amount of each annual payment required.

SHORT LINE PUBLIC SERVICE DISTRICT

[CORPORATE
SEAL]

By _____
Chairman

ATTEST:

Route 2, Box 11
Wallace, West Virginia 26448

Secretary

REVENUE BOND

SHORT LINE PUBLIC SERVICE DISTRICT

No. R-2

Date: _____

FOR VALUE RECEIVED, SHORT LINE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its office in Clarksburg, West Virginia, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Thirty-Seven Thousand Dollars (\$137,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Interest only on January 1, 1974, and January 1, 1975, and \$8,125 annually thereafter on January 1, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding, for the purpose of providing funds for financing costs of acquisition and construction of a waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, in-

cluding, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof. Constituting part of the same issue of Bonds of which this Bond is one is Bond No. R-1, in the aggregate principal amount of \$500,000, in all respects on a parity with this Bond and identical herewith except as to the principal sum, number and the principal amount of each annual payment required.

SHORT LINE PUBLIC SERVICE DISTRICT

[CORPORATE
SEAL]

By _____
Chairman

ATTEST:

Route 2, Box 11
Wallace, West Virginia 26448

Secretary

SHORT LINE PUBLIC SERVICE DISTRICT

\$33,500 Water System Revenue Bonds,
Series 1974

BOND RESOLUTION

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SHORT LINE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$33,500 WATER SYSTEM REVENUE BOND, SERIES 1974, OF SHORT LINE PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE 1973 BONDS, TO FINANCE CONSTRUCTION OF ADDITIONS TO ITS EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN UPON THE SYSTEM IN FAVOR OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF
SHORT LINE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Short Line Public Service District is a public service district created pursuant to said Article 13A by the County Court of Harrison County. This Resolution supplements the 1973 Resolution.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The District now has a public waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements to the waterworks system of the District consisting of additional transmission and distribution lines, with all necessary appurtenant facilities (herein called the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed

in the office of the Secretary of the Board.

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$33,500 to finance the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$33,500, all which will be obtained from the proceeds of sale of the 1974 Bond herein authorized.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the 1974 Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized by this resolution.

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

(G) There are outstanding obligations of the District which will rank on a parity with the 1974 Bond as to lien and source of and security for payment, as follows:

The outstanding Water System Revenue Bonds, Series 1973, of the District, dated on the 6th day of November, 1973, in the principal amount of \$637,000 (the "1973 Bonds"), authorized by a resolution of the Board adopted on the 1st day of May, 1973 (the "1973 Resolution").

(H) The entire principal amount outstanding of the 1973 Bonds is held or insured by Farmers Home Administration. Farmers Home Administration has heretofore consented to the issuance of the 1974 Bond as herein authorized and has seen and approved a copy of this

Resolution prior to the adoption hereof. Said Farmers Home Administration is expected by the Board to purchase the 1974 Bond.

(I) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the 1974 Bond, or will have so complied prior to issuance of the 1974 Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the 1974 Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the 1974 Bond by the holder of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements herein set forth to be performed by the District shall be for the equal benefit, protection and security of the legal holder of such 1974 Bond.

Section 1.04. Definitions. The terms defined in the 1973 Resolution, unless otherwise provided in this Section, shall have the same meanings in this Resolution. The following additional terms shall have the following meanings in this Resolution unless the text otherwise expressly requires:

"1974 Bond" means the Bond hereby authorized to be issued in the principal amount of \$33,500.

"Original Purchaser" when used herein means the purchaser, directly from the District, of the 1974 Bond.

"Project" when used herein shall have the meaning stated in Section 1.02(B) above.

"Replacement Reserve" means the Replacement Reserve established by Section 3.02(B)(4) of the 1973 Resolution and continued hereby.

"Reserve Account" means the Reserve Account established by Section 3.02(B)(3) of the 1973 Resolution and continued hereby.

"1973 Resolution" means the Bond Authorizing Resolution providing for issuance of the 1973 Bonds adopted by the Board May 1, 1973.

"Sinking Fund" means the Sinking Fund established by Section 3.02(B)(2) of the 1973 Resolution and continued hereby.

Section 1.05. Compliance with 1973 Resolution. The District has complied and is now in full compliance with all terms and provisions of the 1973 Resolution.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF 1974 BOND

Section 2.01. Authorization of 1974 Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Water System Revenue Bond, Series 1974", is hereby authorized to be issued in the aggregate principal amount of not exceeding Thirty-Three Thousand Five Hundred Dollars (\$33,500) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of 1974 Bond. The 1974 Bond shall be issued in single, fully registered form, numbered BR-1, and shall be dated on the date of delivery, and shall bear interest from date at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The fully registered 1974 Bond shall be payable as provided in the form set forth in Section 2.07, and shall be subject to prepayment as provided in such form.

Section 2.03. Execution of 1974 Bond. The 1974 Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the 1974 Bond shall cease to be such officer before the 1974 Bond so signed and sealed shall have been actually sold and delivered, such 1974 Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed the 1974 Bond had not ceased to hold such office.

Section 2.04. Assignment. The 1974 Bond may be assigned in accordance with the provisions of the form hereinafter provided.

Section 2.05. Bond Mutilated, Destroyed, Stolen or Lost. In case the 1974 Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new 1974

Bond of like tenor as the 1974 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 1974 Bond or in lieu of and substitution for the 1974 Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may require.

Section 2.06. Bond Secured by Pledge of Revenues. The payment of the debt service of the 1974 Bond shall be secured forthwith equally and ratably, and on a parity in all respects with the 1973 Bonds, by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System provided in the 1973 Resolution. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the 1973 and 1974 Bonds, and to make the payments into the Sinking Fund and otherwise as herein and in the 1973 Resolution provided, are hereby irrevocably pledged to the payment of the principal of and interest on the 1974 Bond as the same become due and on a parity with payments of principal of and interest on the 1973 Bonds.

Section 2.07. Form of 1974 Bond. Subject to the provisions of this Resolution, the text of the 1974 Bond, the provision for assignment to be endorsed thereon, and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Single, Fully Registered Bond)

REVENUE BOND

SHORT LINE PUBLIC SERVICE DISTRICT

Date: _____, 1974

No. BR-1

FOR VALUE RECEIVED, SHORT LINE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Thirty-Three Thousand Five Hundred Dollars (\$33,500), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twelve months after the date hereof and \$1,641, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower

agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

The Bonds of the issue and series of which this Bond is one are on a parity with the Water System Revenue Bonds, Series 1973, of the Borrower issued in the aggregate principal amount of \$637,000 on the 6th day of November, 1973 (herein called the "1973 Bonds") pursuant to a resolution of the Borrower adopted on May 1, 1973. Consent of the holder of all the 1973 Bond outstanding has been given for the issuance of the Series 1974 Bond on a parity with the 1973 Bond.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE SEAL]

SHORT LINE PUBLIC SERVICE DISTRICT
(Name of Borrower)

ATTEST:

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Signature of Attesting Official)

Route 2, Box 11
(Post Office Box No. or Street
Address)

Secretary, Public Service
Board
(Title of Attesting
Official)

Wallace, West Virginia 26448
(City, State and Zip Code)

ARTICLE III
1974 BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. 1974 Bond Proceeds; Project Construction Account.

All moneys received from the sale of the 1974 Bond shall be deposited on receipt by the District in The Lowndes Bank, Clarksburg, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account heretofore created and designated as "Short Line Public Service District 1974 Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and deposit in the Sinking Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the 1974 Bond on such interest payment date if moneys in the Sinking Fund are insufficient for such purpose.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made,

any balance remaining in the Project Construction Account shall first be used to refund promptly any overpayment made with respect to the aforesaid Federal grant, and any moneys then remaining in the Project Construction Account shall be promptly used to prepay the 1974 Bond and any residue shall be deposited in the Sinking Fund.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as the 1974 Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and Reserve Account therein a sum sufficient to pay, when due or at the earliest practical redemption date, the entire principal of the 1974 Bond remaining unpaid together with interest accrued and to accrue thereon, the District further covenants with the holder of the 1974 Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in the Revenue Fund, which shall constitute a trust fund for the purposes provided in this Resolution and the 1973 Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month pay from the moneys in the Revenue Fund all Current Operating Expenses.

(2) The District shall next, each month, transfer from the Revenue Fund and transmit to the place designated in Bond No. BR-1 one-twelfth of the amount required to pay the interest becoming due on the 1974 Bond on the next interest payment date and one-twelfth of the amount of principal maturing on the next principal payment date, as well as making the necessary payments for principal of and interest on the 1973 Bonds.

(3) The District shall next, each month, transfer from the Revenue Fund and deposit in the Reserve Account, in addition to the deposit on account of the 1973 Bonds, such additional sum as shall be needed proportionately on account of the 1974 Bond to accrue and maintain the moneys in the Reserve Account pro rata for the Bonds.

(4) The District shall next, each month, transfer from the Revenue Fund and deposit in the Replacement Fund moneys remaining in the Revenue Fund and not permitted to be retained therein until there has been accumulated therein the aggregate sum of \$19,000 and thereafter such sums as shall be required to maintain such amount therein.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of 1973 and 1974 Bonds on a pro rata basis or for any lawful purpose.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account therein a sum sufficient to pay when due, or redeem or purchase prior to maturity, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon and any applicable redemption premiums, the covenants and agreements contained herein and in the 1973 Resolution shall be and constitute valid and legally binding covenants between the District and the Bondholders.

Section 4.02. Concerning Arbitrage. It is not reasonably expected that the proceeds of sale of the 1974 Bond will be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Rates and Charges. The schedule of rates and charges for the services and facilities of the System, heretofore approved by the Public Service Commission of West Virginia in connection with issuance of the 197~~8~~ Bonds, is continued in effect.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the 1974 Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Court of said County.

Section 6.02. Modification or Amendment. No material modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of two-thirds or more in principal amount of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the District to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, without the consent of the holders of such Bonds. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications and for consent of 75% of the holders of each series of Bonds outstanding to waiver or modification of the limitation upon issuance of additional parity Bonds contained in Section 4.05B of the 1973 Resolution.

Section 6.03. Delivery of Bond No. BR-1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. BR-1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery and pay for Bond No. BR-1.

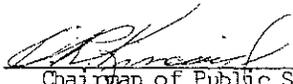
Section 6.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bonds or coupons appertaining thereto.

Section 6.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed, including expressly the 1973 Resolution to the extent of any such conflicts, but expressly excluding the 1973 Bonds as issued.

Section 6.06. Table of Contents and Headings. The Table of Contents and headings of the Articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.07. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted Sept 12, 1974.



Chairman of Public Service Board



Member

Member

REVENUE BOND

SHORT LINE PUBLIC SERVICE DISTRICT

Date: As of September 12, 1974

No. BR-1

FOR VALUE RECEIVED, SHORT LINE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Thirty-Three Thousand Five Hundred Dollars (\$33,500), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twelve months after the date hereof and \$163, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

The Bonds of the issue and series of which this Bond is one are on a parity with the Water System Revenue Bonds, Series 1973, of the Borrower issued in the aggregate principal amount of \$637,000 on the 6th day of November, 1973 (herein called the "1973 Bonds") pursuant to a resolution of the Borrower adopted on May 1, 1973. Consent of the holder of all the 1973 Bond outstanding has been given for the issuance of the Series 1974 Bond on a parity with the 1973 Bond.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

SHORT LINE PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

[CORPORATE SEAL]

Route 2, Box 11
Wallace, West Virginia 26448

ATTEST:

Secretary, Public Service Board

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1990

BOND RESOLUTION

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SHORT LINE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$120,000 WATER REVENUE BOND, SERIES 1990, OF SHORT LINE PUBLIC SERVICE DISTRICT ON A PARITY WITH THE OUTSTANDING 1973 BONDS AND 1974 BOND OF THE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM AND ALL APPURTENANT FACILITIES IN THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF
SHORT LINE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Short Line Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Harrison and Wetzel Counties of said State, duly created pursuant to the Act by The County Commission of Harrison County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer now has a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, betterments and improvements for such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the

inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed the Project, consisting of distribution lines and a water tank, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Issuer will continue to purchase water from the City of Clarksburg pursuant to a contract and agreement between the Issuer and said City. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project will not exceed \$901,000, of which \$120,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$228,000 from a grant by the Purchaser (as hereinafter defined) and \$553,000 from a grant by the Department of Housing and Urban Development (Small Cities Block Grant).

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$120,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

G. There are outstanding the obligations of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment being the Water System Revenue Bonds, Series 1973, dated November 6, 1973 (the "1973 Bonds"), issued in the original principal amount of \$637,000, and the Water System Revenue Bond, Series 1974, dated September 12, 1974 (the "1974 Bond"), issued in the original principal amount of \$33,500, both held by the Purchaser (as hereinafter defined). The 1973 Bonds and the 1974 Bond are hereinafter collectively referred to as the "Prior Bonds."

The Issuer is not in default under the terms of the 1973 Bonds, the 1974 Bond or any resolution or document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated July 24, 1989, and all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

J. The Purchaser has consented in writing to certain amendments to the Prior Resolutions (as hereinafter defined) contained in this Bond Legislation.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and

agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond" means the Water Revenue Bond, Series 1990, authorized hereby.

"1973 Bonds" means the outstanding Water System Revenue Bonds, Series 1973, of the Issuer described in Section 1.02G hereof.

"1974 Bond" means the outstanding Water System Revenue Bond, Series 1974, of the Issuer described in Section 1.02G hereof.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bonds" means, collectively, the Bond, the 1973 Bonds and the 1974 Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Community Bank & Trust of Harrison County, Clarksburg, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

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

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

"Issuer" or "Borrower" means Short Line Public Service District, in Harrison and Wetzel Counties, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated July 24, 1989, and all amendments thereto.

"Net Revenues" means the balance of the Gross Revenues, as defined below, remaining after deduction only of Operating Expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Account and Replacement Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the outstanding 1973 Bonds and 1974 Bond of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the 1973 Resolution and the 1974 Resolution, both hereinafter defined.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident

with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means, collectively, the 1973 Resolution, the 1974 Resolution and the Bond Legislation.

"1973 Resolution" means the resolution of the Issuer adopted May 1, 1973, authorizing the 1973 Bonds.

"1974 Resolution" means the resolution of the Issuer adopted September 12, 1974, authorizing the 1974 Bond.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the waterworks of the Issuer as improved, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$901,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1990," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$120,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 7% per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Legislation.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America, Farmers Home Administration (the "Government"). So long as the Bond shall be registered in the name of the Government, the address of the Government for registration purposes shall be Post Office Box 678, Morgantown, West Virginia 26505, or such other address as shall be stated in writing to the Issuer by the Government.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond

of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his, her or its ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the 1973 Bonds and the 1974 Bond in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due all on a parity with the 1973 Bonds and the 1974 Bond.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1990

SHORT LINE PUBLIC SERVICE DISTRICT

\$120,000

No. R-1

Date: _____

FOR VALUE RECEIVED, SHORT LINE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$590,000, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due

under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the

Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1973 Bonds and the 1974 Bond described in said Resolution.

SHORT LINE PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 188
(P. O. Box No. or Street Address)

Wallace, West Virginia 26448
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL		\$	

[Form of Assignment]

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF;
DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created and established with (or continued if previously established by the 1973 Resolution and continued by the 1974 Resolution), and shall be held by, the Depository Bank separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the 1973 Resolution and continued by the 1974 Resolution);
- (2) Reserve Account (established by the 1973 Resolution and continued by the 1974 Resolution);
- (3) Replacement Reserve (established by the 1973 Resolution and continued by the 1974 Resolution); and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(i) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bonds (or such other place as may be subsequently provided pursuant to the Bonds), the amounts required to pay the interest on each Series of the Bonds, and to amortize the principal of each Series of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds shall be

made on an equal pro rata basis and on a parity with each other.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and deposit with the Depository Bank in the Reserve Account, 1/12th of 1/10th of the maximum annual aggregate amount of principal and interest which will become due on each Series of the Bonds in any year, until the amount in said Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in said Reserve Account, the Issuer shall monthly deposit into said Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in said Reserve Account. Moneys in said Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due on an equal pro rata basis and on a parity with each other, or for prepayment of installments on the Bonds pro rata, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose.

(iv) The Issuer shall next, on each date that payments are made as set forth in (ii) above, transfer from the Revenue Fund and deposit in the Replacement Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Replacement Reserve the aggregate sum of \$50,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Replacement Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Account are current and in accordance

with the foregoing provisions, moneys in the Replacement Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Replacement Reserve as herein provided, and all amounts required for the Reserve Account and the Replacement Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Article IV other than the Project Construction Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Account and the Replacement Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having

maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account.

C. AMENDMENT OF PRIOR RESOLUTIONS. To the extent that the deposits in the various accounts and funds herein vary from that which are set forth in the Prior Resolutions, such accounts and funds in the Prior Resolutions are hereby amended pursuant to the written consent of the Purchaser to such amendment and shall be changed in the manner provided herein.

D. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

E. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 63 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

F. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

G. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner

for securing deposits of state and municipal funds under the laws of the State of West Virginia.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and sufficient to make the payments required herein into the Reserve Account and the Replacement Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

- (a) Real Property, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the

site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as

required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the statutory mortgage lien in favor of the holders of the 1973 Bonds and the 1974 Bond, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond and shall be for the equal benefit of the Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof; and

(b) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual

Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order (issued as the Recommended Decision of the Administrative Law Judge) of the Public Service Commission of West Virginia, entered on June 26, 1990, Case No. 88-522-W-CN, which order, as affirmed and modified by the Commission Order Modifying Administrative Law Judge Order of June 26, 1990, entered July 20, 1990, is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. Bond Legislation Constitutes Amendment of Prior Resolutions; Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed or heretofore changed shall continue in full force and effect and this Bond Legislation shall be supplemental to and amendatory of the Prior Resolutions.

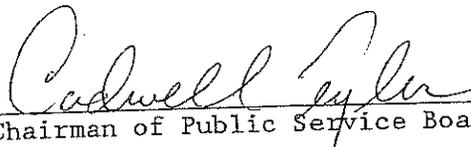
All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

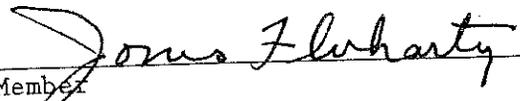
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted: November 1, 1990



Chairman of Public Service Board



Member

Member

10/31/90
SLPSDJ.A5
82044/89001

(SPECIMEN BOND)

WATER REVENUE BOND, SERIES 1990

SHORT LINE PUBLIC SERVICE DISTRICT

\$120,000

No. R-1

Date: May 9, 1991

FOR VALUE RECEIVED, SHORT LINE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$590, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1973 Bonds and the 1974 Bond described in said Resolution.

SHORT LINE PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

P. O. Box 188
Wallace, West Virginia 26448

ATTEST:

Secretary, Public Service Board

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
	TOTAL	\$	

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

05/07/91
SLPSDJ.H4
82044/89001

SHORT LINE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SHORT LINE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$1,274,183 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND A DEFERRED LOAN FROM THE HARRISON COUNTY PLANNING COMMISSION IN THE AGGREGATE PRINCIPAL AMOUNT OF \$100,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SHORT LINE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. Short Line Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Harrison and Wetzel Counties of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the Issuer in order to serve approximately 127 new customers in the areas of Olive, Marshville and Catfish Hollow, Harrison County, together with all appurtenant facilities (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund pursuant to the Act, and a Deferred Loan from the Harrison County Planning Commission (the "Deferred Loan").

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of \$1,274,183 (the "Series 2005 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2005 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2005 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2005 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2005 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. It is in the best interests of the Issuer that the Issuer obtain the Deferred Loan pursuant to a Promissory Note in order to fund the deficiencies in the Revenue Fund and Reserve Accounts for the Prior Bonds, and finance a portion of the costs of acquisition and construction of the Project.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2005 A Bonds, the Prior Bonds and the Deferred Loan and to make payments into all funds and accounts and other payments provided for herein.

I. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the (i) Water Revenue Bonds, Series 1990, dated May 9, 1991, issued in the original principal amount of \$120,000; (ii) Water System Revenue Bonds, Series 1974, dated September 12, 1974, issued in the original principal of \$33,500; (iii) Water System Revenue Bonds, Series 1973, dated November 6, 1973, issued in the original principal amount of \$500,000; and (iv) Water System Revenue Bonds, Series 1973, dated November 6, 1973, issued in the original amount of \$137,000 (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2005 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

The Issuer will issue its Deferred Loan Promissory Note in the aggregate principal amount of \$100,000 to be held by the Harrison County Planning Commission, which will not have a lien on the Net Revenues of the System, but will only be secured by the surplus revenues of the System.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2005 A Bonds and the Deferred Loan or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2005 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

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

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

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

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

"Bonds" means, collectively, the Series 2005 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Grants" means 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 Short Line Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison and Wetzel Counties, West Virginia, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2005 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2005 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2005 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2005 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, Prior Bonds as described in Section 1.02 I hereof.

"Prior Resolutions" means, collectively, the Resolutions 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.

"Promissory Note" means, the Promissory Note heretofore entered, or to be entered into by and between the Issuer and the Harrison County Planning Commission, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified herein.

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is 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.

"Replacement Reserve" means the Replacement Reserve continued by Section 5.01 hereof.

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2005 A Bonds and the Prior Bonds.

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

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

"Series 2005 A Bonds" means the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

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

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established in the Series 2005 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

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

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

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2005 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2005 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2005A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Replacement Reserve, the Sinking Funds and the Reserve Accounts.

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks systems from any sources whatsoever.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT; AND AUTHORIZATION OF DEFERRED LOAN; AUTHORIZATION OF AMENDMENT OF PRIOR RESOLUTIONS

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$3,007,225, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2005 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be \$3,007,225, of which approximately \$1,274,183 will be obtained from proceeds of the Series 2005A Bonds, approximately \$431,453 will be obtained from a West Virginia Infrastructure Fund Grant, approximately \$1,201,589 will be obtained from an abandoned Mine Lands Grant and approximately \$100,000 from proceeds of the Deferred Loan.

Section 2.02. Authorization of Deferred Loan. The Deferred Loan, in the amount of \$100,000 to be held by the Harrison County Planning Commission and which final terms are set forth in the Commission Order of the West Virginia Public Service Commission entered on June 7, 2005, in Case No. 04-0451-PWD-PC is hereby authorized, approved, ratified and confirmed. The proceeds of the Deferred Loan will be used to cure the deficiencies in the Prior Bonds Reserve Fund and Revenue Fund and to finance a portion of the costs of the Project. If not so authorized by previous resolution, the Chairman and Secretary are specifically and finance a portion of the costs of the Project authorized and directed to execute all documents necessary to issue the Deferred Loan.

Section 2.03. Authorization of Amendment of Prior Resolutions. The Issuer hereby approves the amendment of the Depository Bank for the Prior Bonds Reserve Accounts, respectively, to the West Virginia Municipal Bond Commission and the following specific Amendments to each of the Prior Resolutions:

(A) Section 3.02 (B) (4) of the Series 1973 Bond Resolution shall be amended to read as follows:

The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Replacement Reserve, so long as the Bonds are outstanding, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Accounts. All funds in the Replacement Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank. Withdrawals and disbursements may be

made from the Replacement Reserve for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Replacement Reserve.

(B) Section 3.02 (B) (4) of the Series 1974 Bond Resolution and Section 4.03 (B) (iv) of the Series 1991 Bond Resolution shall be amended to read as follows:

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

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2005 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2005 A Bonds of the Issuer. The Series 2005 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$1,274,183, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds remaining after funding of the Series 2005 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2005 A Bonds, if any, shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2005 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2005 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2005 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2005 A Bonds. The Series 2005 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2005 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2005 A Bonds shall cease to be such officer of the Issuer before the Series 2005 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2005 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

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

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

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

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

In all cases in which the privilege of exchanging Series 2005 A Bonds or transferring the registered Series 2005 A Bonds are exercised, all Series 2005 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2005 A

Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2005 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2005 A Bonds or, in the case of any proposed redemption of Series 2005 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2005 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2005 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2005 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

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

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

D. An executed copy of the Loan Agreement; and

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

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

(FORM OF SERIES 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SHORT LINE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2005, SHORT LINE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison 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 by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation

provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1990, DATED MAY 9, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$120,000; (2) WATER SYSTEM REVENUE BONDS, SERIES 1974, DATED SEPTEMBER 12, 1974, ISSUED IN THE ORIGINAL PRINCIPAL OF \$33,500; (3) WATER SYSTEM REVENUE BONDS, SERIES 1973, DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000; AND (4) WATER SYSTEM REVENUE BONDS, SERIES 1973, DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL AMOUNT OF \$137,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered

owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

By: _____
Its: Chairman

ATTEST:

By: _____
Its: Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: August 24, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2005 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued) 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) Replacement Reserve (established by the Prior Resolutions); and
- (3) Series 2005 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2005 A Bonds Sinking Fund; and
- (2) Series 2005 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund all current Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required to pay interest on the Prior Bonds, as required by the Prior Resolutions.
- (3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the National Finance Office the amounts required to pay principal of the Prior Bonds, as required by the Prior Resolutions; and (ii) remit to the Commission, commencing 3 months prior to the first

date of payment of principal of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Depository Bank, the amounts required by the Prior Resolutions for deposit in the Reserve Account for the Prior Bonds; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement, until the amount in the Series 2005 A Bonds Reserve Account equals the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Replacement Reserve, an amount equal to 2 1/2% of the Gross Revenues each month, (as 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 Replacement Reserve 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. So long as the Prior Bonds are outstanding, the restricted use and the requirements in the Prior Ordinances regarding the Replacement Reserve shall be in effect insofar as it relates to the Prior Bonds. Withdrawals and disbursements may be made from the Replacement Reserve 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 Replacement Reserve.

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

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

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

As and when additional Bonds ranking on a parity with the Series 2005 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

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

B. The Issuer shall on the first day of each month (if 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 2005 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Series 2005 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2005 A Bonds for the period commencing on the date of issuance of the Series 2005 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

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

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

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 2005 A Bonds shall be applied as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2005 A Bonds Construction Trust Fund shall be made only after submission to and approval from 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.

Section 6.03 Disbursements from the Bond Construction Trust Fund. The Issuer shall expend all proceeds of the Series 2005 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2005 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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 2005 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2005 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered _____, 2005, in Case No. 01-0965-PWD-CN, and such rates are hereby adopted.

So long as the Series 2005 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the

Series 2005 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2005 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the holders of the Prior Bonds, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2005 A Bonds, immediately be remitted to the Commission for deposit in the Series 2005 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2005 A Bonds. Any balance remaining after the payment of the Series 2005 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Replacement Reserve. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Replacement Reserve. The payment of such proceeds into the Replacement Reserve shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of

such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2005 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2005 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts 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 2005 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2005 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2005 A Bonds.

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

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

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

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

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2005 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2005 A Bonds.

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

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

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

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

times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 2005 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2005 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2005 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2005 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2005 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be

made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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

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

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 2005 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2005 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2005 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2005 A Bonds or \$5,000,000 are used,

directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2005 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** If required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2005 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2005 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2005 A Bonds and shall be on a parity with the Prior Bonds.

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

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2005 A Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2005 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2005 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate 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 2005 A Bonds as a condition to issuance of the Series 2005 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2005 A Bonds as may be necessary in order to maintain the status of the Series 2005 A Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2005 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by

the Authority or the Council, from which the proceeds of the Series 2005 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2005 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2005 A Bonds;
or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;

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

(4) If default occurs under the Prior Bonds or the Prior Resolutions.

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

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond

Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2005 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2005 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2005 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2005 A Bonds.

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

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

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

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

Adopted this 19th day of July, 2005.

A handwritten signature in cursive script, appearing to read "E. J. ...", is written above a horizontal line. The signature is written in black ink and is somewhat stylized.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of SHORT LINE PUBLIC SERVICE DISTRICT on the 19th day of July, 2005.

Dated: August 24, 2005.

[SEAL]


Secretary

08/10/05
820440.97001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

SHORT LINE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF SHORT LINE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; PROVIDING FOR TRANSFER OF THE RESERVE ACCOUNTS FOR PRIOR BONDS AND AMENDMENT OF PRIOR RESOLUTIONS TO EFFECT SUCH TRANSFER; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND DEFERRED LOAN.

WHEREAS, the Public Service Board (the "Governing Body") of Short Line Public Service District (the "Issuer") has duly and officially adopted a bond resolution on July 19, 2005 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SHORT LINE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$1,274,183 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND A DEFERRED LOAN FROM THE HARRISON COUNTY

PLANNING COMMISSION IN THE AGGREGATE PRINCIPAL AMOUNT OF \$100,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer (the "Series 2005 A Bonds" and the "Bonds"), in the aggregate principal amount not to exceed \$1,274,183 and has authorized the execution and delivery of the loan agreement relating to the Series 2005 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal

payment dates, the sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer has previously issued the Prior Bonds, as more fully defined in the Bond Resolution, which are held by the United States Department of Agriculture, Rural Utilities Service ("RUS");

WHEREAS, the Prior Bonds are secured by a reserve account pledged for the payment of principal of and interest on each series of Prior Bonds (hereinafter, the "Prior Bonds Reserve Accounts"), which accounts are held by Merrill Lynch pursuant to the Prior Bonds Resolutions, authorizing the Prior Bonds (collectively, the "Prior Resolutions");

WHEREAS, the RUS has requested that the Issuer transfer the monies in the Prior Bonds Reserve Accounts to the West Virginia Municipal Bond Commission (the "Commission");

WHEREAS, the Prior Resolutions provide that it may be amended by supplemental resolution with the prior written consent of RUS and such consent has been received by the Issuer; and

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SHORT LINE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,274,183. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2045, and shall bear no interest. The principal of the Series 2005 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2007, and maturing June 1, 2045, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 A Bonds.

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

Section 3. The Issuer hereby approves the transfer of the Prior Bonds Reserve Accounts to the Commission.

Section 4. The Issuer hereby approves the amendment of the Prior Resolutions as follows:

A. The Prior Bonds Reserve Accounts are hereby transferred to and will be held by the Commission.

B. The Commission is designated as the Fiscal Agent for the administration of the Prior Bonds Reserve Accounts as herein provided, and all amounts required for the Prior Bonds Reserve Accounts will be deposited therein by the Issuer upon transfer of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

C. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payment with respect to the Prior 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 Prior Resolutions.

D. Monies in the Prior Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

E. Earnings from monies in Prior Bonds Reserve Accounts, so long as the reserve requirement is on deposit in such account and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

F. The Issuer shall remit from the Revenue Fund to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.

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

Section 5. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan

Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 6. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Resolution.

Section 8. The Issuer does hereby appoint and designate The Huntington National Bank, Clarksburg, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 9. Series 2005 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2005 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2005 A Bonds shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. Deferred Loan proceeds in the amount of \$13,306 shall be deposited in the Revenue Fund and Reserve Accounts for the Prior Bonds. The balance of the proceeds of the Deferred Loan shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about August 24, 2005, to the Authority pursuant to the Loan Agreement.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 16th day of August, 2005.

SHORT LINE PUBLIC SERVICE DISTRICT

By: _____

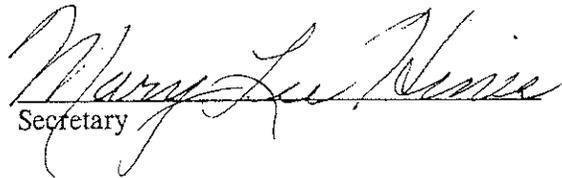
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Short Line Public Service District on the 16th day of August, 2005.

Dated: August 24, 2005.

[SEAL]


Secretary

08/10/05
820440.97001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SHORT LINE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$1,274,183

KNOW ALL MEN BY THESE PRESENTS: That on this the 24th day of August, 2005, SHORT LINE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison and Wetzel Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION TWO HUNDRED SEVENTY-FOUR THOUSAND ONE HUNDRED EIGHTY THREE DOLLARS (\$1,274,183), 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, 2007, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively,

the "Act"), and a Bond Resolution duly adopted by the Issuer on July 19, 2005, and a Supplemental Resolution duly adopted by the Issuer on August 16, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1990, DATED MAY 9, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$120,000; (2) WATER SYSTEM REVENUE BONDS, SERIES 1974, DATED SEPTEMBER 12, 1974, ISSUED IN THE ORIGINAL PRINCIPAL OF \$33,500; (3) WATER SYSTEM REVENUE BONDS, SERIES 1973, DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000; AND (4) WATER SYSTEM REVENUE BONDS, SERIES 1973, DATED NOVEMBER 6, 1973, ISSUED IN THE ORIGINAL AMOUNT OF \$137,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[SEAL]

By: *E. A. Rogers*
Its Chairman

ATTEST:

By: *Mary Lee Jones*
Its Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: August 24, 2005

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN
By: 
Its: Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$127,454	August 24, 2005	(19)	\$	
(2)	\$		(20)	\$	
(3)	\$		(21)	\$	
(4)	\$		(22)	\$	
(5)	\$		(23)	\$	
(6)	\$		(24)	\$	
(7)	\$		(25)	\$	
(8)	\$		(26)	\$	
(9)	\$		(27)	\$	
(10)	\$		(28)	\$	
(11)	\$		(29)	\$	
(12)	\$		(30)	\$	
(13)	\$		(31)	\$	
(14)	\$		(32)	\$	
(15)	\$		(33)	\$	
(16)	\$		(34)	\$	
(17)	\$		(35)	\$	
(18)	\$		(36)	\$	

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Total P+I</u>
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	8,328.00	-	8,328.00
09/01/2007	8,328.00	-	8,328.00
12/01/2007	8,328.00	-	8,328.00
03/01/2008	8,328.00	-	8,328.00
06/01/2008	8,328.00	-	8,328.00
09/01/2008	8,328.00	-	8,328.00
12/01/2008	8,328.00	-	8,328.00
03/01/2009	8,328.00	-	8,328.00
06/01/2009	8,328.00	-	8,328.00
09/01/2009	8,328.00	-	8,328.00
12/01/2009	8,328.00	-	8,328.00
03/01/2010	8,328.00	-	8,328.00
06/01/2010	8,328.00	-	8,328.00
09/01/2010	8,328.00	-	8,328.00
12/01/2010	8,328.00	-	8,328.00
03/01/2011	8,328.00	-	8,328.00
06/01/2011	8,328.00	-	8,328.00
09/01/2011	8,328.00	-	8,328.00
12/01/2011	8,328.00	-	8,328.00
03/01/2012	8,328.00	-	8,328.00
06/01/2012	8,328.00	-	8,328.00
09/01/2012	8,328.00	-	8,328.00
12/01/2012	8,328.00	-	8,328.00
03/01/2013	8,328.00	-	8,328.00
06/01/2013	8,328.00	-	8,328.00
09/01/2013	8,328.00	-	8,328.00
12/01/2013	8,328.00	-	8,328.00
03/01/2014	8,328.00	-	8,328.00
06/01/2014	8,328.00	-	8,328.00
09/01/2014	8,328.00	-	8,328.00
12/01/2014	8,328.00	-	8,328.00
03/01/2015	8,328.00	-	8,328.00
06/01/2015	8,328.00	-	8,328.00
09/01/2015	8,328.00	-	8,328.00
12/01/2015	8,328.00	-	8,328.00
03/01/2016	8,328.00	-	8,328.00
06/01/2016	8,328.00	-	8,328.00

Date	Principal	Coupon	Total P+I
09/01/2016	8,328.00	-	8,328.00
12/01/2016	8,328.00	-	8,328.00
03/01/2017	8,328.00	-	8,328.00
06/01/2017	8,328.00	-	8,328.00
09/01/2017	8,328.00	-	8,328.00
12/01/2017	8,328.00	-	8,328.00
03/01/2018	8,328.00	-	8,328.00
06/01/2018	8,328.00	-	8,328.00
09/01/2018	8,328.00	-	8,328.00
12/01/2018	8,328.00	-	8,328.00
03/01/2019	8,328.00	-	8,328.00
06/01/2019	8,328.00	-	8,328.00
09/01/2019	8,328.00	-	8,328.00
12/01/2019	8,328.00	-	8,328.00
03/01/2020	8,328.00	-	8,328.00
06/01/2020	8,328.00	-	8,328.00
09/01/2020	8,327.99	-	8,327.99
12/01/2020	8,327.99	-	8,327.99
03/01/2021	8,327.99	-	8,327.99
06/01/2021	8,327.99	-	8,327.99
09/01/2021	8,327.99	-	8,327.99
12/01/2021	8,327.99	-	8,327.99
03/01/2022	8,327.99	-	8,327.99
06/01/2022	8,327.99	-	8,327.99
09/01/2022	8,327.99	-	8,327.99
12/01/2022	8,327.99	-	8,327.99
03/01/2023	8,327.99	-	8,327.99
06/01/2023	8,327.99	-	8,327.99
09/01/2023	8,327.99	-	8,327.99
12/01/2023	8,327.99	-	8,327.99
03/01/2024	8,327.99	-	8,327.99
06/01/2024	8,327.99	-	8,327.99
09/01/2024	8,327.99	-	8,327.99
12/01/2024	8,327.99	-	8,327.99
03/01/2025	8,327.99	-	8,327.99
06/01/2025	8,327.99	-	8,327.99
09/01/2025	8,327.99	-	8,327.99
12/01/2025	8,327.99	-	8,327.99
03/01/2026	8,327.99	-	8,327.99
06/01/2026	8,327.99	-	8,327.99
09/01/2026	8,327.99	-	8,327.99
12/01/2026	8,327.99	-	8,327.99
03/01/2027	8,327.99	-	8,327.99
06/01/2027	8,327.99	-	8,327.99

Date	Principal	Coupon	Total P+I
09/01/2027	8,327.99	-	8,327.99
12/01/2027	8,327.99	-	8,327.99
03/01/2028	8,327.99	-	8,327.99
06/01/2028	8,327.99	-	8,327.99
09/01/2028	8,327.99	-	8,327.99
12/01/2028	8,327.99	-	8,327.99
03/01/2029	8,327.99	-	8,327.99
06/01/2029	8,327.99	-	8,327.99
09/01/2029	8,327.99	-	8,327.99
12/01/2029	8,327.99	-	8,327.99
03/01/2030	8,327.99	-	8,327.99
06/01/2030	8,327.99	-	8,327.99
09/01/2030	8,327.99	-	8,327.99
12/01/2030	8,327.99	-	8,327.99
03/01/2031	8,327.99	-	8,327.99
06/01/2031	8,327.99	-	8,327.99
09/01/2031	8,327.99	-	8,327.99
12/01/2031	8,327.99	-	8,327.99
03/01/2032	8,327.99	-	8,327.99
06/01/2032	8,327.99	-	8,327.99
09/01/2032	8,327.99	-	8,327.99
12/01/2032	8,327.99	-	8,327.99
03/01/2033	8,327.99	-	8,327.99
06/01/2033	8,327.99	-	8,327.99
09/01/2033	8,327.99	-	8,327.99
12/01/2033	8,327.99	-	8,327.99
03/01/2034	8,327.99	-	8,327.99
06/01/2034	8,327.99	-	8,327.99
09/01/2034	8,327.99	-	8,327.99
12/01/2034	8,327.99	-	8,327.99
03/01/2035	8,327.99	-	8,327.99
06/01/2035	8,327.99	-	8,327.99
09/01/2035	8,327.99	-	8,327.99
12/01/2035	8,327.99	-	8,327.99
03/01/2036	8,327.99	-	8,327.99
06/01/2036	8,327.99	-	8,327.99
09/01/2036	8,327.99	-	8,327.99
12/01/2036	8,327.99	-	8,327.99
03/01/2037	8,327.99	-	8,327.99
06/01/2037	8,327.99	-	8,327.99
09/01/2037	8,327.99	-	8,327.99
12/01/2037	8,327.99	-	8,327.99
03/01/2038	8,327.99	-	8,327.99
06/01/2038	8,327.99	-	8,327.99

Date	Principal	Coupon	Total P+I
09/01/2038	8,327.99	-	8,327.99
12/01/2038	8,327.99	-	8,327.99
03/01/2039	8,327.99	-	8,327.99
06/01/2039	8,327.99	-	8,327.99
09/01/2039	8,327.99	-	8,327.99
12/01/2039	8,327.99	-	8,327.99
03/01/2040	8,327.99	-	8,327.99
06/01/2040	8,327.99	-	8,327.99
09/01/2040	8,327.99	-	8,327.99
12/01/2040	8,327.99	-	8,327.99
03/01/2041	8,327.99	-	8,327.99
06/01/2041	8,327.99	-	8,327.99
09/01/2041	8,327.99	-	8,327.99
12/01/2041	8,327.99	-	8,327.99
03/01/2042	8,327.99	-	8,327.99
06/01/2042	8,327.99	-	8,327.99
09/01/2042	8,327.99	-	8,327.99
12/01/2042	8,327.99	-	8,327.99
03/01/2043	8,327.99	-	8,327.99
06/01/2043	8,327.99	-	8,327.99
09/01/2043	8,327.99	-	8,327.99
12/01/2043	8,327.99	-	8,327.99
03/01/2044	8,327.99	-	8,327.99
06/01/2044	8,327.99	-	8,327.99
09/01/2044	8,327.99	-	8,327.99
12/01/2044	8,327.99	-	8,327.99
03/01/2045	8,327.99	-	8,327.99
06/01/2045	8,327.99	-	8,327.99
Total	\$1,274,183.00	-	\$1,274,183.00

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:



**United States Department of Agriculture
Rural Development**
West Virginia State Office

April 6, 2010

Short Line Public Service District
Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Series 1973 A Bonds, Series 1973 B Bonds, Series 1974 Bonds and Series 1990 Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Series 2010 A Bonds"), in the principal amount of \$600,000, by Short Line Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2010 A Bonds (the "Series 2010 A Resolution") on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (1) Water System Revenue Bonds, Series 1973 A (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$500,000 (the "Series 1973 A Bonds"); (2) Water System Revenue Bonds, Series 1973 B (United States Department of Agriculture), dated November 6, 1973, issued in the original aggregate principal amount of \$137,000 (the "Series 1973 B Bonds"); (3) Water System Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 12, 1974, issued in the original principal amount of \$33,500 (the "Series 1974 Bonds"); and (4) Water Revenue Bonds, Series 1990 (United States Department of Agriculture), dated May 9, 1991, issued in the original aggregate principal amount of \$120,000 (the "Series 1990 Bonds") (collectively, the "Prior Bonds"); (ii) waive any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2010 A Bonds or the Series 2010 A Resolution; and (iii) any amendments made to the Prior Resolutions by the Series 2010 A Resolution.

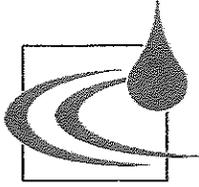


Authorized Representative

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

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Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).



WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

April 6, 2010

Short Line Public Service District
Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the present holder of the Prior Bonds, hereinafter defined and described, in reliance upon the certificate of Smith Denny & Alastanos PLLC, independent certified public accountants, and Steptoe & Johnson PLLC, bond counsel, that the Issuer has met the coverage and parity requirements set forth in the Resolution authorizing the Prior Bonds, hereby consents to the issuance of the Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Series 2010 A Bonds"), in the principal amount of \$600,000, by Short Line Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2010 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 24, 2005, issued in the original aggregate principal amount of \$1,274,183 (the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: 
Its: Authorized Representative

03.08.10
820440.00003

CH5016279.2

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

31

MEMORANDUM

To: Financing Team

From: John C. Stump, Esquire

Date: April 6, 2010

Re: Short Line Public Service District Water Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

1. **DISBURSEMENTS TO DISTRICT:**

Payor: West Virginia Infrastructure and Jobs Development Council
Amount: \$96,279.96
Form: Wire Transfer
Bank: The Huntington National Bank
ABA No.: 044000024
Acct. No.: 01521114458
Contact: Mariah Gibson, 304.592.2700
Account: Series 2010 A Bonds Construction Trust Fund

2. **DISBURSEMENTS TO THE MUNICIPAL BOND COMMISSION**

Payor: West Virginia Infrastructure Fund
Source: Series 2010 A Bonds Proceed
Amount: \$15,388
Form: Wire
Payee: Short Line Public Service District
ABA No: 051503394
Account No: 5270517317
Bank: BB&T for the benefit of Municipal Bond Commission
Contact: Sara Boardman, 304.558.3971
Account: Series 2010 A Bonds Reserve Account

District Contact for Draws: Terry Schulte, 304.624.8690

03.08.10
820440.00003

CH5016300.2

2006W-915a
SHORT LINE PUBLIC SERVICE DISTRICT

**RESOLUTION OF THE SHORT LINE PUBLIC SERVICE DISTRICT
APPROVING INVOICES RELATING TO PAYMENT OF SERVICES RELATED TO THE WATER
PROJECT & AUTHORIZING PAYMENT THEREOF,**

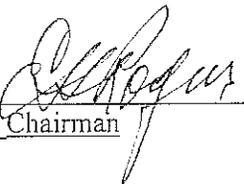
WHEREAS, the Short Line Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the water Project funded by Infrastructure & Jobs Development Council (IJDC) and find as follows:

- a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.
- b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.
- c) That each of such costs has been otherwise properly incurred.
- d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED the Short Line PSD by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC Loan
Huntington Bank (Registrar)	500.00	500.00
Steptoe & Johnson	18,500.00	18,500.00
Steptoe & Johnson (Special PSC)	7,500.00	7,500.00
Randy Light (Steptoe & Johnson)	7,500.00	7,500.00
Thrasher Engineering	62,300.00	62,300.00
MBC (Reserves)	15,388.00	15,388.00
Short Line PSD	279.96	279.96
Total	111,667.96	111,667.96

ADOPTED BY the Short Line Public Service District, at the meeting held on the 25th day of March, 2010.

By: 
Its: Chairman

Contact: Terry Shulte 304-624-8690

Short Line Public Service District

SWEEP RESOLUTION

WHEREAS, Short Line Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

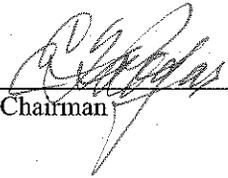
WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

- 1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) The Chairman, Secretary and Treasurer are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 25th day of March, 2010.



Chairman