

SUN VALLEY PUBLIC SERVICE DISTRICT

**Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)**

Date of Closing: October 18, 2001

BOND TRANSCRIPT

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BOND TRANSCRIPT

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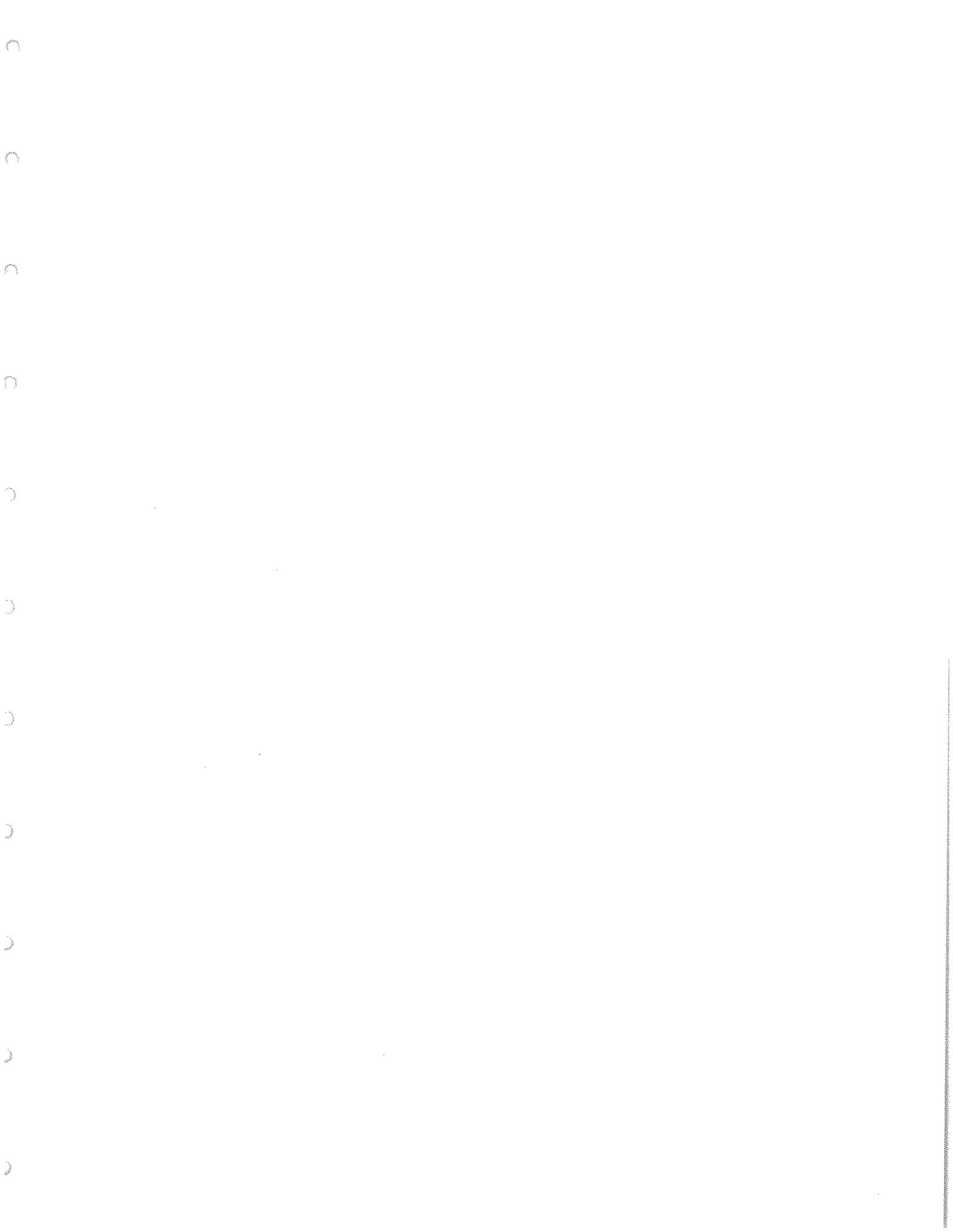
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SUN VALLEY PUBLIC SERVICE DISTRICT

**SEWER REFUNDING REVENUE BONDS, SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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SUN VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM), SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1997, AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,073,405 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING REVENUE BONDS, SERIES 2001 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 AND RATIFYING 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 SUN VALLEY 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. Sun Valley 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 sewerage system (the "System") and has heretofore financed the acquisition and construction of the System by the issuance of several series of bonds and notes, of which there are presently outstanding the following: (1) Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), dated April 10, 1997, issued in the original aggregate principal amount of \$853,000 (the "Series 1997 A Bonds"); (2) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated April 10, 1997, issued in the original aggregate principal amount of \$300,000 (the "Series 1997 B Bonds"); (3) Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), dated April 10, 1997, issued in the original aggregate principal amount of \$300,000 (the "Series 1997 C Bonds"); (4) Sewerage System Construction Notes, Series 1997, dated November 24, 1997, issued in the original aggregate principal amount of \$385,000 (the "Series 1997 Notes"); and (5) Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), dated February 23, 1998, issued in the original aggregate principal amount of \$142,500 (the "Series 1998 Notes").

C. The Issuer has determined and hereby determines that it would be to the benefit of the Issuer and its residents to refund in their entirety its Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund for the West Virginia Infrastructure and Jobs Development Council (the "Council") pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$1,073,405 (the "Series 2001 A Bonds"), initially to be represented by a single bond, to currently refund Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes.

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

F. It is in the best interests of the Issuer that the Series 2001 A Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement to be entered into between the Issuer and the Authority, on behalf of the Council, in form satisfactory to the Issuer, the Authority and the Council (the "Loan Agreement"), as shall be approved by a supplemental resolution of the Issuer.

G. The Series 2001 A Bonds shall be issued on a parity as to liens, pledge and source of and security for payment with the Series 1997 A Bonds. Prior to the issuance of the Series 2001 A Bonds, the Issuer will obtain (i) the certificate of an Independent

Certified Public Accountant stating that the parity and coverage tests of the Series 1997 A Bonds have been met; and (ii) the written consent of the Holder of the Series 1997 A Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1997 A Bonds. Other than the Series 1997 A Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year from the operation of the System after the refunding of Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Bonds (as hereinafter defined) 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 refunding of Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes and issuance of the Series 2001 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of 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 2001 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Council has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 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 2001 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond 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 2001 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.

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

"Bonds" means, collectively, the Series 1997 A Bonds, the Series 2001 A Bonds and, where appropriate, any bonds on a parity therewith subsequently issued hereunder or pursuant to another resolution of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 A Bonds for all or a portion of the proceeds of the Series 2001 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 Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time now or hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

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

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

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

"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.

"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 Sun Valley Public Service District, a public service district and a public corporation and a 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 to be entered into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2001 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 2001 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 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 2001 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, operation and maintenance of the System, as hereinafter defined, 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, if any, 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 moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity designated as such for the Series 2001 A Bonds in a Supplemental Resolution.

"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.

"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 from 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 thereto.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the 1997 Resolution and continued hereby.

"Reserve Accounts" means, collectively, the Series 1997 A Bonds Reserve Account and the Series 2001 A Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Bonds.

"1997 Resolution" means, collectively, the bond resolution and the supplemental resolution of the Issuer adopted April 8, 1997, authorizing Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds.

"Revenue Fund" means the Revenue Fund established by the 1997 Resolution and continued hereby.

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

"Series 2001 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established in the Series 2001 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 A Bonds in the then current or any succeeding year.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1998 Notes" means the Issuer's Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), dated February 23, 1998, issued in the original aggregate principal amount of \$142,500.

"Series 1997 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), dated April 10, 1997, issued in the original aggregate principal amount of \$853,000.

"Series 1997 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated April 10, 1997, issued in the original aggregate principal amount of \$300,000.

"Series 1997 C Bonds" means the Issuer's Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), dated April 10, 1997, issued in the original aggregate principal amount of \$300,000.

"Series 1997 Notes" means the Issuer's Sewerage System Construction Notes, Series 1997, dated November 24, 1997, issued in the original aggregate principal amount of \$385,000.

"Sinking Funds" means, collectively, Series 1997 A Bonds Sinking Fund and Series 2001 A Bonds Sinking Fund.

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

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

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

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

"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 REFUNDING

Section 2.01. Authorization of Refunding. All Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes Outstanding as of the date of issuance of the Series 2001 A Bonds in the respective aggregate principal amounts of \$300,000.00, \$258,750, \$277,731.31 and \$142,500 (total principal amount of \$978,981.31) are hereby ordered to be refunded on the Closing Date by payment in full of the entire outstanding principal amount of the Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes, together with the administrative fees and all interest accrued thereon to the Closing Date. Contemporaneously with the payment of the Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes, the pledge of revenues or other funds in favor of the Holders of the Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes and the moneys in the funds and accounts created for the Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes shall be terminated, discharged and released.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of refunding the Series 1997 B Bonds, Series 1997 C Bonds, Series 1997 Notes and Series 1998 Notes, funding a reserve account for the Series 2001 A Bonds, and paying certain costs of issuance of the Series 2001 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 the negotiable Series 2001 A Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated "Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$1,073,405, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2001 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, 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 2001 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 2001 A Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 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 2001 A Bonds. The Series 2001 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, substantially corresponding to the principal installments or maturities of the Bonds being exchanged; provided that, the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 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 2001 A Bonds shall cease to be such officer of the Issuer before the Series 2001 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 2001 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 2001 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such 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 2001 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2001 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 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 2001 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Series 2001 A Bonds.

The registered Series 2001 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 Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 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 2001 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 any of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Series 1997 A Bonds. The payment of the debt service of the Series 2001 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1997 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-_____ \$ _____

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY PUBLIC SERVICE DISTRICT, a 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 entered into between the Issuer and the Authority, on behalf of the Council, dated _____, _____.

This Bond is issued to refund the Issuer's (i) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), (ii) Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), (iii) Sewerage System Construction Notes, Series 1997, and (iv) Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund),

heretofore issued to pay a portion of the costs of design, acquisition and construction of public sewerage facilities of the Issuer (the "System"); and to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2001, and a Supplemental Resolution duly adopted by the Issuer on _____, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND) (THE "SERIES 1997 A 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 Series 1997 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 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 Series 1997 A Bonds; provided however, that so long as there exists in the Series 2001 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 Series 1997 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for

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

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), 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 shall be applied solely for the purposes described above and in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, SUN VALLEY 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 _____, 2001.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: _____, 2001.

as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved. The Series 2001 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.

Section 3.12. "Amended Schedule" Filing. The Issuer shall file with the Authority and the Council a schedule, the form of which will be provided by the Council, setting forth the sources and uses of the proceeds of the Series 2001 A Bonds.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

The following special funds or accounts are hereby created with (or continued if previously created by the 1997 Resolution) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (previously created); and
- (2) Renewal and Replacement Fund (previously created).

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with (or continued if previously created by the 1997 Resolution) 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 1997 A Bonds Sinking Fund (previously created);
- (2) Series 1997 A Bonds Reserve Account (previously created);
- (3) Series 2001 A Bonds Sinking Fund; and
- (5) Series 2001 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 in the 1997 Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the 1997 Resolution. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the

Commission (i) for deposit in the Series 1997 A Bonds Sinking Fund, the amount required by the 1997 Resolution to pay principal of the Series 1997 A Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 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 2001 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.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1997 A Bonds Reserve Account, the amount required by the 1997 Resolution; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, if not fully funded upon issuance of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2001 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 2001 A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as provided in the 1997 Resolution and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the

Reserve Accounts shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2001 A Bonds as the same shall become due. Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2001 A Bonds as the same shall come due, when other moneys in the Series 2001 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account (if equal to at least the Series 2001 A Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2001 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2001 A Bonds Reserve Account which result in a reduction in the balance of such account to below the Series 2001 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 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 therefor.

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 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 for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to Series 1997 A Bonds and Series 2001 A 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 2001 A Sinking Fund and the Series 2001 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at 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.

Moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 A Bonds Sinking Fund, including the Series 2001 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 A Bonds under the conditions and restrictions hereinafter set forth.

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 payments with respect to the Series 2001 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 2001 A Bonds, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

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 Section 5.03 of the 1997 Resolution, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2001 A Bonds, the following amounts shall be first deducted and deposited, in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall first be deposited with the Commission in the Series 1997 B Bonds Sinking Fund, the amount set forth in the Supplemental Resolution to pay in full the entire outstanding principal amount of and all interest accrued on the Series 1997 B Bonds on the Closing Date.

B. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 1997 C Bonds Sinking Fund, the amount set forth in the Supplemental Resolution to pay in full the entire outstanding principal amount of, all interest accrued on and the administrative fee for the Series 1997 C Bonds on the Closing Date.

C. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 1997 Notes Payment Fund, the amount set forth in the Supplemental Resolution to pay in full the entire outstanding principal amount of and all interest accrued on the Series 1997 Notes on the Closing Date.

D. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 1998 Notes Payment Fund, the amount set forth in the Supplemental Resolution to pay in full the entire outstanding principal amount of, all interest accrued on and the administrative fee for the Series 1998 Notes on the Closing Date.

E. Next, from the proceeds of the Series 2001 A Bonds, there shall be paid all costs of issuance of the Series 2001 A Bonds.

F. After all the costs set forth above have been paid, any remaining proceeds of the Series 2001 A Bonds shall be used

as directed in writing by the Authority and the Council. The Issuer shall expend all proceeds of the Series 2001 A Bonds within 3 years of the date of issuance of the State's general obligation bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 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 2001 A Bonds or the interest thereon is outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Series 1997 A Bonds. The payment of the debt service of the Series 2001 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1997 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The 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 sewer rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered on May 15, 2001, and the Further Order entered on May 29, 2001, in Case No. 99-1509-PSWD-19A, and such rates are hereby adopted.

So long as the Series 2001 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2001 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 1997 A Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the 1997 Resolution. Additionally, so long as the Series 2001 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Bonds in such manner. Any balance remaining after the payment of all Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property

comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into such fund under this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any 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 2001 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 A Bonds and payable from the revenues of the System, except 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 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 2001 A Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Series 1997 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the 1997 Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues

of the System, shall be issued after the issuance of the Series 2001 A Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds, and must have the prior written consent of the Authority and the Council.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues 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 on the following:

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and

charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the System site and the costs of acquiring, constructing and installing the System. 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 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 System, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the System.

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 System and

commencement of operation thereof, or, if an improvement to the 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 the Series 2001 A 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 Issuer. The Issuer 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 Issuer 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 Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2001 A Bonds and shall submit said report to the Council, the Authority, or any other original purchaser of the Series 2001 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 Loan Agreement, this

Bond Legislation and the Act 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 the site of the System and has constructed the System 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 System and the System 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 System site and facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the System, 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 with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2001 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 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 A Bonds, including Series 1997 A Bonds; provided that, in the event amounts equal to the Reserve Requirement are on deposit in the respective Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2001 A Bonds, including Series 1997 A 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 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 A Bonds, including Series 1997 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the Public Service Commission order 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 within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

For two years following the Closing Date, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. If required, the Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2001 A Bonds are Outstanding.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either 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. The Issuer hereby covenants and agrees that so long as any of the Series 2001 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance

policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer and 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 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 for 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.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter

produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Permits and Orders. The Issuer shall 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 operation of the System and all orders and approvals from the Public Service Commission of West Virginia and the Council for the issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement, the Act and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the operation, maintenance and use of the System. Notwithstanding anything herein to the contrary, the Issuer shall provide the Council with copies of all documents submitted to the Authority.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 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 2001 A Bonds during the term thereof is, under the terms of the Series 2001 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 2001 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 2001 A Bonds during the term thereof is, under the terms of the Series 2001 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 2001 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 2001 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 that portion of the Project to which such Private Business Use is related, all of the foregoing to 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 2001 Bonds 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 2001 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 A Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 2001 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 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 2001 A Bonds and

shall be on a parity with the statutory mortgage lien in favor of the Holders of Series 1997 A Bonds.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2001 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2001 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 2001 A Bonds as a condition to issuance of the Series 2001 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 2001 A Bonds as may be necessary in order to maintain the status of the Series 2001 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2001 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 West Virginia Infrastructure and Jobs Development Council, as the case may be, from which the proceeds of the Series 2001 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 West Virginia Infrastructure and Jobs Development 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 2001 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 2001 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2001 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 2001 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to Series 1997 A Bonds or 1997 Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2001 A Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2001 A Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2001 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2001 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2001 A Bonds shall be on a parity with the Holders of the Series 1997 A 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, 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 System 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 System and

the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2001 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 moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2001 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 2001 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 2001 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 A Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2001 A Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2001 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2001 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 2001 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 thereto, or the Series 2001 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 1997 Resolution, the more restrictive provision shall control.

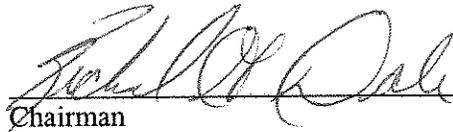
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular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

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

- (a) The maximum amount of the Series 2001 A Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2001 A Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this August 6, 2001.

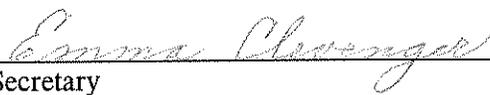

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of SUN VALLEY PUBLIC SERVICE DISTRICT on August 6, 2001.

Dated: October 18, 2001.

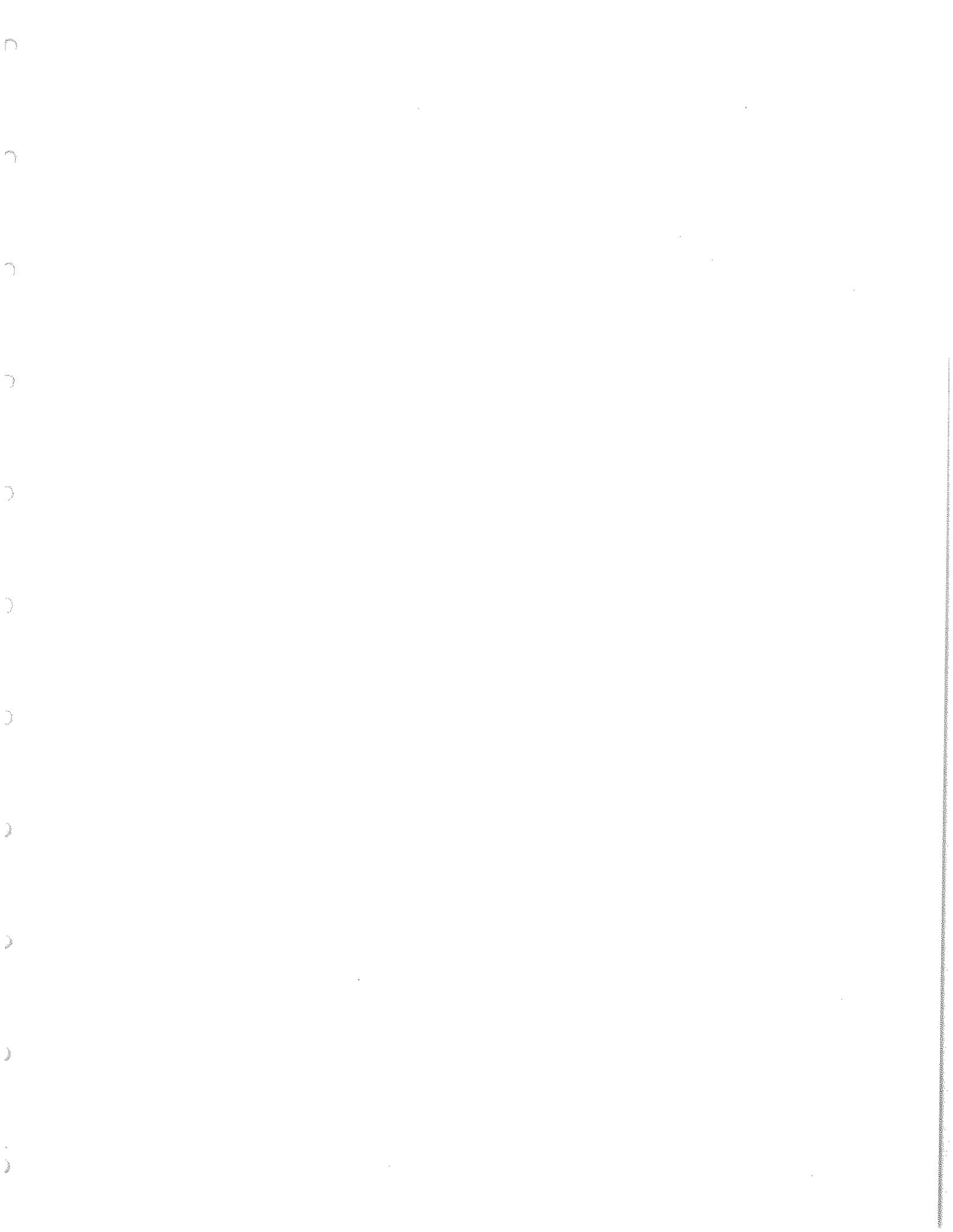
[SEAL]

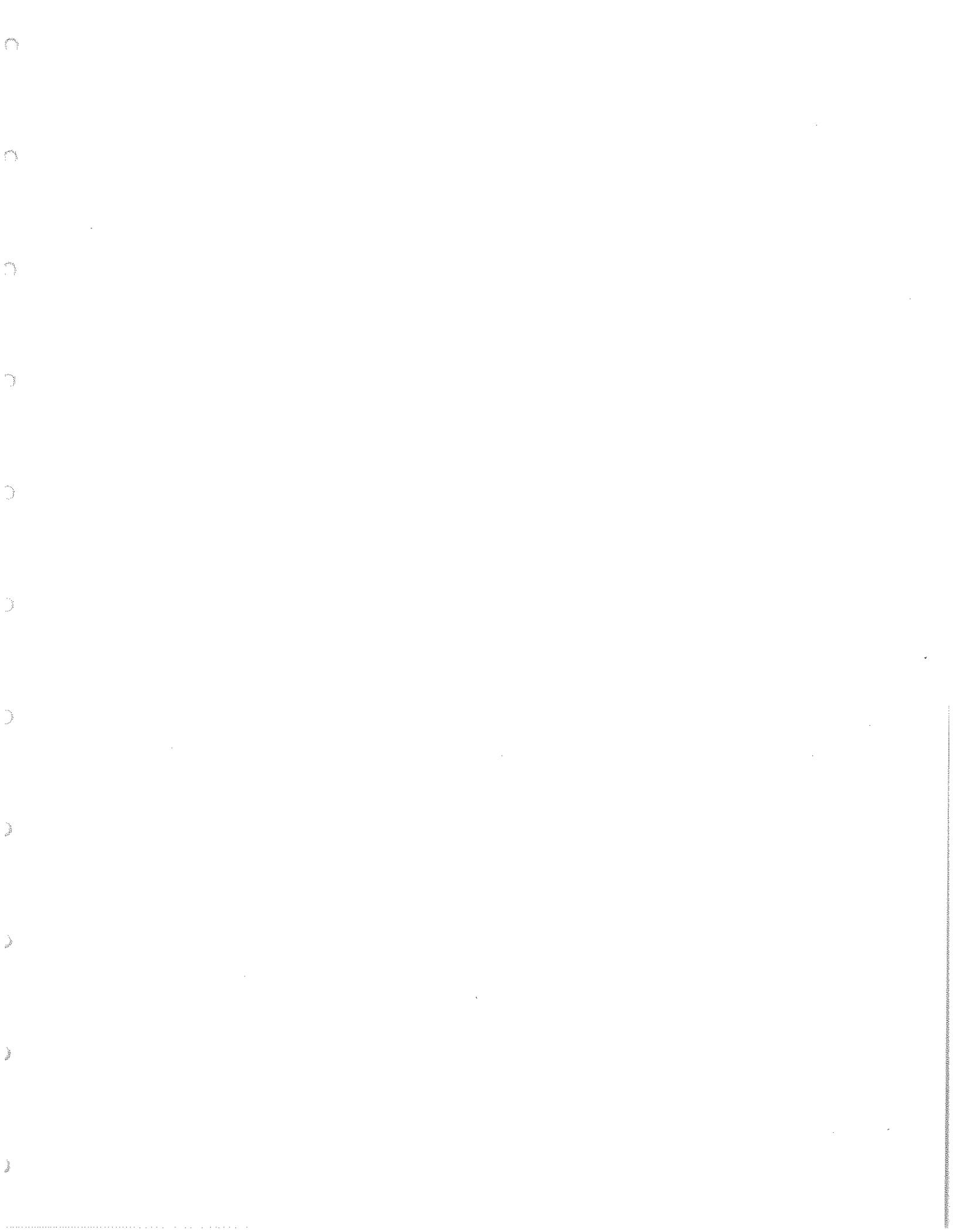

Secretary

08/06/01
879900/98001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]





(SUPERSEDED IN PART BY SECOND SUPPLEMENTAL RESOLUTION)

SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REFUNDING REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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 Sun Valley Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective June 26, 2001 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM), SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1997, AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,073,405 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING REVENUE BONDS, SERIES 2001 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 AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2001 A Bonds"), in the aggregate principal amount of not to exceed \$1,073,405, and has authorized the execution and delivery of the loan agreement relating to the Bonds (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 provision, 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 entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal

payment dates and the sale price 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 SUN VALLEY 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 Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,073,405. The Series 2001 A Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal of the Series 2001 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, and maturing December 1, 2038, 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 2001 A Bonds. The Series 2001 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a 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 2001 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 and accept the Loan Agreement including all schedules and exhibits attached thereto, 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 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 Branch Banking and Trust Company, 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 First National Bank of West Union, Salem, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2001 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2001 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 A Bonds Reserve Account.

Section 9. Series 2001 A Bonds proceeds in the amount of \$300,810 shall be used to pay in full the entire outstanding principal of and interest accrued on the Series 1997 B Bonds.

Section 10. Series 2001 A Bonds proceeds in the amount of \$253,348.02 shall be used to pay in full the entire outstanding principal amount of, interest accrued on and administrative fee for the Series 1997 C Bonds.

Section 11. Series 2001 A Bonds proceeds in the amount of \$337,415.13 shall be used to pay in full the entire outstanding principal amount of and interest accrued on the Series 1997 Notes.

Section 12. Series 2001 A Bonds proceeds in the amount of \$147,171.29 shall be used to pay in full the entire outstanding principal amount of, interest accrued on and administrative fee for the Series 1998 Notes.

Section 13. The balance of the proceeds of the Series 2001 A Bonds shall be used to pay the costs of issuance of the Series 2001 A Bonds and related costs.

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds 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 June 27, 2001, to the Authority pursuant to the Loan Agreement.

Section 15. The refunding of the Series 1997 B Bonds, the Series 1997 C Bonds, the Series 1997 Notes and the Series 1998 Notes with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2001 A Bonds Sinking Fund, including the Series 2001 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this August 6, 2001.


Chairman

CERTIFICATION

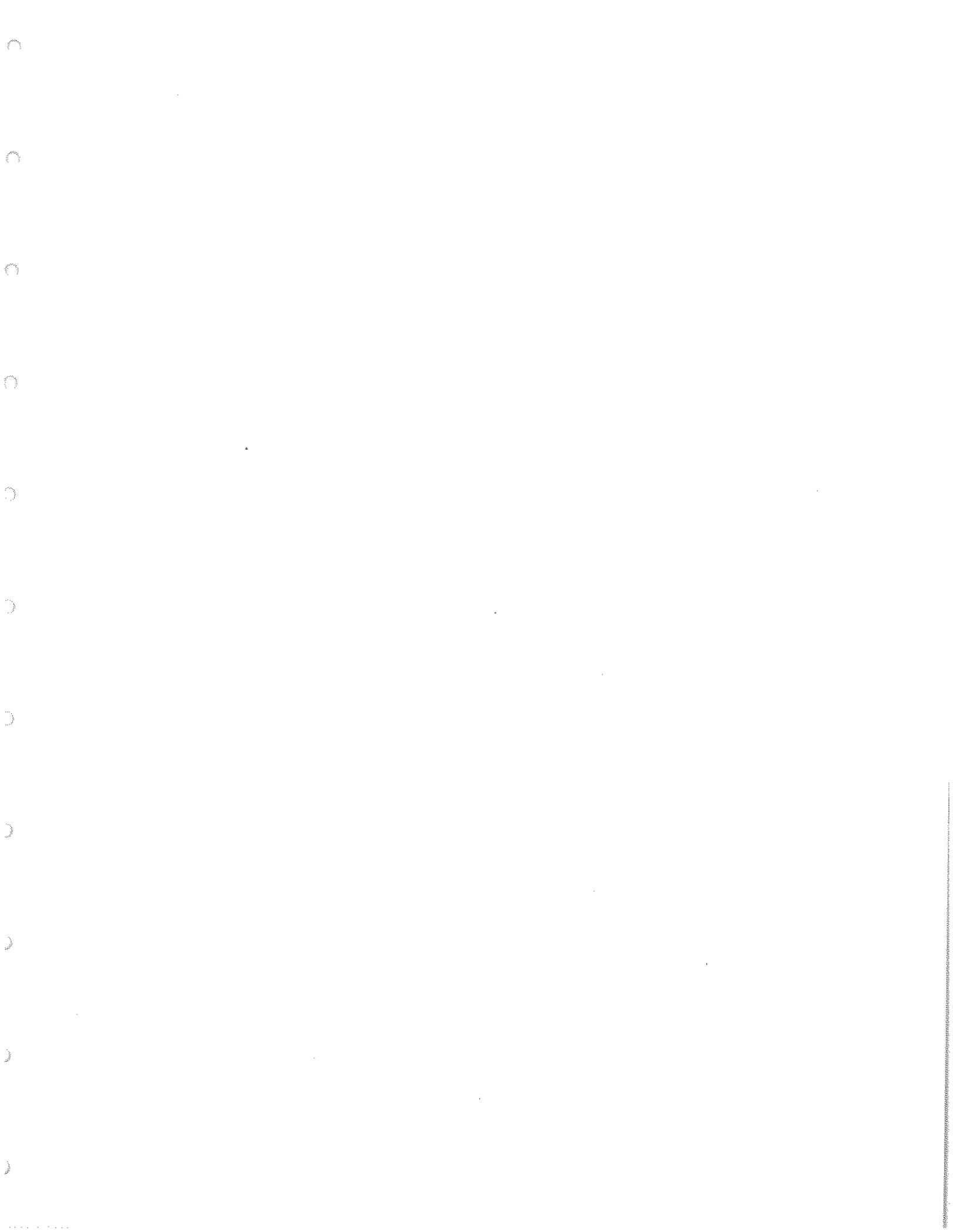
Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Sun Valley Public Service District on August 6, 2001.

Dated: October 18, 2001.

[SEAL]

Emma Cleverger
Secretary

08/06/01
879900/99001



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REFUNDING REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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 Sun Valley Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective June 26, 2001 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM), SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1997, AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,073,405 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING REVENUE BONDS, SERIES 2001 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 AND RATIFYING 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, the Governing Body of the Issuer has duly and officially adopted a Supplemental Resolution, effective June 26, 2001 (the "First Supplemental Resolution"), entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REFUNDING REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2001 A Bonds"), in the aggregate principal amount of not to exceed \$1,073,405, and has authorized the execution and delivery of the loan agreement relating to the Bonds (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 provision, 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;

WHEREAS, the Issuer previously adopted the First Supplemental Resolution, the provisions in which contemplated a closing date for the Bonds of June 27, 2001, which did not occur; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SUN VALLEY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Second Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,073,405. The Series 2001 A Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal of the Series 2001 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and maturing December 1, 2038, 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 2001 A Bonds. The Series 2001 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a 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 2001 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 and accept the Loan Agreement, including all schedules and exhibits attached thereto, 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 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 Branch Banking and Trust Company, 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 First National Bank of West Union, Salem, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2001 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2001 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 A Bonds Reserve Account.

Section 9. Series 2001 A Bonds proceeds in the amount of \$300,810 shall be used to pay in full the entire outstanding principal of and interest accrued on the Series 1997 B Bonds.

Section 10. Series 2001 A Bonds proceeds in the amount of \$248,304.57 shall be used to pay in full the entire outstanding principal amount of, interest accrued on and administrative fee for the Series 1997 C Bonds.

Section 11. Series 2001 A Bonds proceeds in the amount of \$342,781.70 shall be used to pay in full the entire outstanding principal amount of and interest accrued on the Series 1997 Notes.

Section 12. Series 2001 A Bonds proceeds in the amount of \$147,171.29 shall be used to pay in full the entire outstanding principal amount of, interest accrued on and administrative fee for the Series 1998 Notes.

Section 13. The balance of the proceeds of the Series 2001 A Bonds shall be used to pay the costs of issuance of the Series 2001 A Bonds and related costs.

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about October 18, 2001, to the Authority pursuant to the Loan Agreement.

Section 15. The refunding of the Series 1997 B Bonds, the Series 1997 C Bonds, the Series 1997 Notes and the Series 1998 Notes with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2001 A Bonds Sinking Fund, including the Series 2001 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by

Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 18. To the extent that the provisions and terms of the First Supplemental Resolution are inconsistent with, or contradictory to, the provisions and terms of this Second Supplemental Resolution, such inconsistent or contradictory provisions and terms of the First Supplemental Resolution are hereby repealed and the provisions and terms of the Second Supplemental Resolution shall control.

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this October 9, 2001.


Chairman

CERTIFICATION

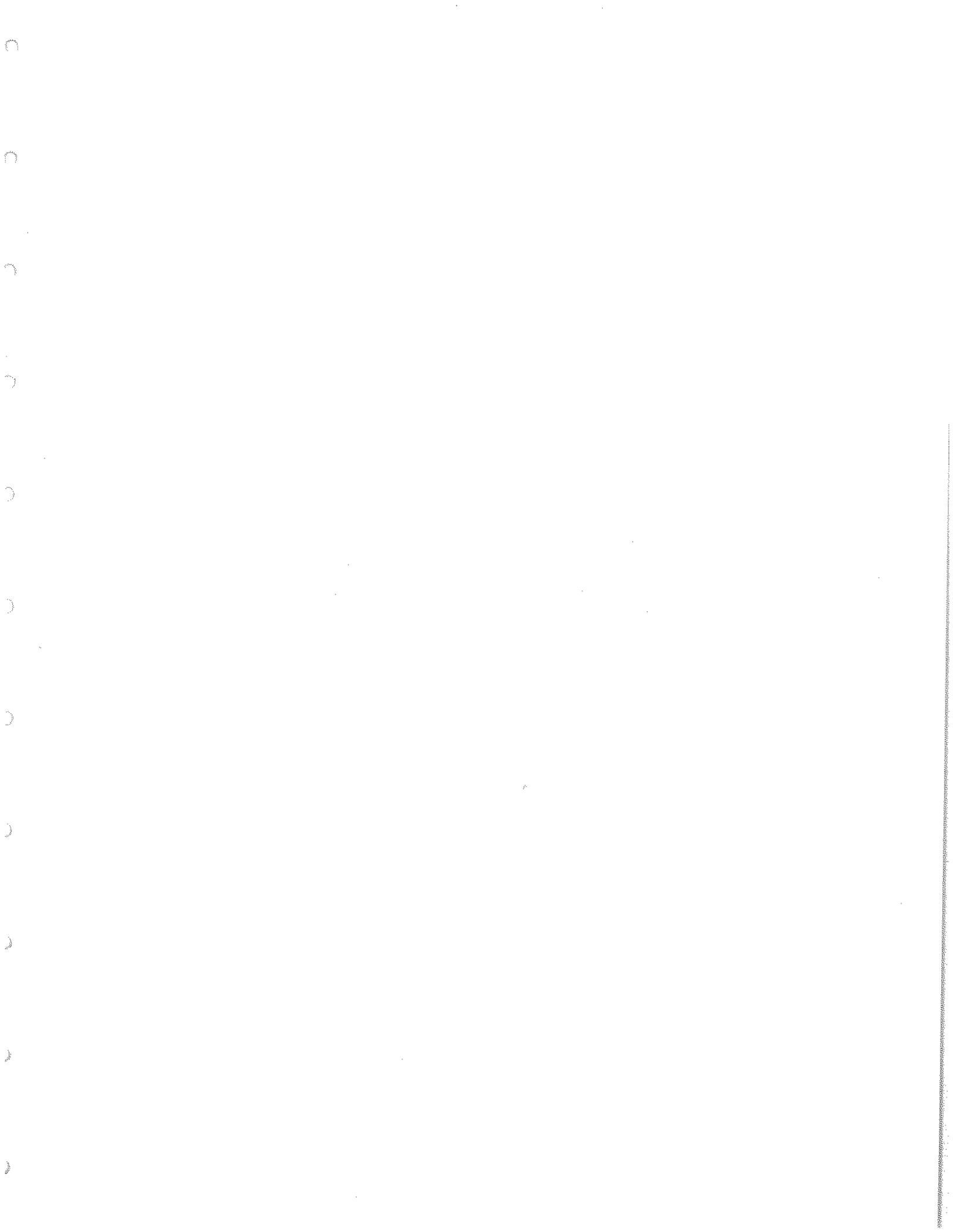
Certified a true copy of a Second Supplemental Resolution duly adopted by the Public Service Board of Sun Valley Public Service District on October 9, 2001.

Dated: October 18, 2001.

[SEAL]


Secretary

10/09/01
879900/99001



IC-1
(10/2/01)

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").

SUN VALLEY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, 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 construction of the Project and for two years following the completion 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.

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 ($\frac{1}{3}$)

of the interest payment next coming due on the Local Bonds and one-third ($\frac{1}{3}$) 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 ($\frac{1}{12}$) of one-tenth ($\frac{1}{10}$) 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 ($2\frac{1}{2}\%$) 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 the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

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

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

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

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

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

(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.

(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:

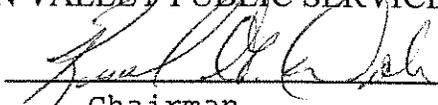
- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority and the Council pursuant to Section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

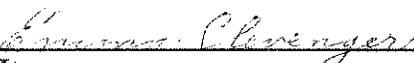
SUN VALLEY PUBLIC SERVICE DISTRICT

(SEAL)

By: 
Its: Chairman

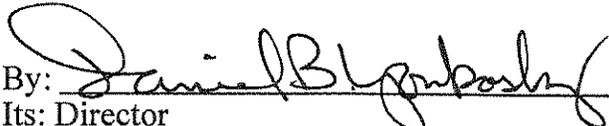
Attest:

Date: October 18, 2001


Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: 
Its: Director

Attest:

Date: October 18, 2001


Its: Secretary-Treasurer



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 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, ²the 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. _____

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 _____, 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
980 One Valley Square
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

[Form of Monthly Financial Report]
[Name of Governmental Agency]
[Name of Bond Issue]
Fiscal Year - ____
Report Month: _____

ITEM	TOTAL		BUDGET	
	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>YEAR MINUS YEAR TO DATE</u>
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this ____ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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 ($1200/12$). This is the incremental amount for the Budget Year to Date column.
2. In 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.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Governmental Agency other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, 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 Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.
6. The Governmental Agency must complete the Monthly Financial Report and forward it to the Council by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. The Council will notify the Governmental Agency when the Monthly Financial Report no longer needs to be filed.

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	\$1,073,405
Purchase Price of Local Bonds	\$1,073,405

The Local Bonds shall bear no interest. Commencing June 1, 2002, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

\$853,000 Sun Valley Public Service District, Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), issued on April 10, 1997. Simultaneously with the issuance of the Local Bonds, the Governmental Agency shall prepay its \$300,000 Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund) and \$300,000 Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), issued on April 10, 1997, its \$385,000 Sewerage System Construction Notes, Series 1997 issued on November 24, 1997 and its \$142,500 Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), issued on February 23, 1998.

SCHEDULE Y

Sun Valley Public Service District, West Virginia
Loan of \$1,073,405 (\$773,405 New Money & \$300,000 to Refinance Series 1997B)
 37 Years, 0% Interest Rate
 Closing Date: October 18, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	7,303.00	-	7,303.00
9/01/2002	7,303.00	-	7,303.00
12/01/2002	7,303.00	-	7,303.00
3/01/2003	7,303.00	-	7,303.00
6/01/2003	7,303.00	-	7,303.00
9/01/2003	7,303.00	-	7,303.00
12/01/2003	7,303.00	-	7,303.00
3/01/2004	7,303.00	-	7,303.00
6/01/2004	7,303.00	-	7,303.00
9/01/2004	7,303.00	-	7,303.00
12/01/2004	7,303.00	-	7,303.00
3/01/2005	7,302.00	-	7,302.00
6/01/2005	7,302.00	-	7,302.00
9/01/2005	7,302.00	-	7,302.00
12/01/2005	7,302.00	-	7,302.00
3/01/2006	7,302.00	-	7,302.00
6/01/2006	7,302.00	-	7,302.00
9/01/2006	7,302.00	-	7,302.00
12/01/2006	7,302.00	-	7,302.00
3/01/2007	7,302.00	-	7,302.00
6/01/2007	7,302.00	-	7,302.00
9/01/2007	7,302.00	-	7,302.00
12/01/2007	7,302.00	-	7,302.00
3/01/2008	7,302.00	-	7,302.00
6/01/2008	7,302.00	-	7,302.00
9/01/2008	7,302.00	-	7,302.00
12/01/2008	7,302.00	-	7,302.00
3/01/2009	7,302.00	-	7,302.00
6/01/2009	7,302.00	-	7,302.00
9/01/2009	7,302.00	-	7,302.00
12/01/2009	7,302.00	-	7,302.00
3/01/2010	7,302.00	-	7,302.00
6/01/2010	7,302.00	-	7,302.00
9/01/2010	7,302.00	-	7,302.00
12/01/2010	7,302.00	-	7,302.00
3/01/2011	7,302.00	-	7,302.00
6/01/2011	7,302.00	-	7,302.00
9/01/2011	7,302.00	-	7,302.00
12/01/2011	7,302.00	-	7,302.00
3/01/2012	7,302.00	-	7,302.00
6/01/2012	7,302.00	-	7,302.00
9/01/2012	7,302.00	-	7,302.00
12/01/2012	7,302.00	-	7,302.00
3/01/2013	7,302.00	-	7,302.00
6/01/2013	7,302.00	-	7,302.00
9/01/2013	7,302.00	-	7,302.00
12/01/2013	7,302.00	-	7,302.00
3/01/2014	7,302.00	-	7,302.00

Sun Valley Public Service District, West Virginia
Loan of \$1,073,405 (\$773,405 New Money & \$300,000 to Refinance Series 1997B)
37 Years, 0% Interest Rate
Closing Date: October 18, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	7,302.00	-	7,302.00
9/01/2014	7,302.00	-	7,302.00
12/01/2014	7,302.00	-	7,302.00
3/01/2015	7,302.00	-	7,302.00
6/01/2015	7,302.00	-	7,302.00
9/01/2015	7,302.00	-	7,302.00
12/01/2015	7,302.00	-	7,302.00
3/01/2016	7,302.00	-	7,302.00
6/01/2016	7,302.00	-	7,302.00
9/01/2016	7,302.00	-	7,302.00
12/01/2016	7,302.00	-	7,302.00
3/01/2017	7,302.00	-	7,302.00
6/01/2017	7,302.00	-	7,302.00
9/01/2017	7,302.00	-	7,302.00
12/01/2017	7,302.00	-	7,302.00
3/01/2018	7,302.00	-	7,302.00
6/01/2018	7,302.00	-	7,302.00
9/01/2018	7,302.00	-	7,302.00
12/01/2018	7,302.00	-	7,302.00
3/01/2019	7,302.00	-	7,302.00
6/01/2019	7,302.00	-	7,302.00
9/01/2019	7,302.00	-	7,302.00
12/01/2019	7,302.00	-	7,302.00
3/01/2020	7,302.00	-	7,302.00
6/01/2020	7,302.00	-	7,302.00
9/01/2020	7,302.00	-	7,302.00
12/01/2020	7,302.00	-	7,302.00
3/01/2021	7,302.00	-	7,302.00
6/01/2021	7,302.00	-	7,302.00
9/01/2021	7,302.00	-	7,302.00
12/01/2021	7,302.00	-	7,302.00
3/01/2022	7,302.00	-	7,302.00
6/01/2022	7,302.00	-	7,302.00
9/01/2022	7,302.00	-	7,302.00
12/01/2022	7,302.00	-	7,302.00
3/01/2023	7,302.00	-	7,302.00
6/01/2023	7,302.00	-	7,302.00
9/01/2023	7,302.00	-	7,302.00
12/01/2023	7,302.00	-	7,302.00
3/01/2024	7,302.00	-	7,302.00
6/01/2024	7,302.00	-	7,302.00
9/01/2024	7,302.00	-	7,302.00
12/01/2024	7,302.00	-	7,302.00
3/01/2025	7,302.00	-	7,302.00
6/01/2025	7,302.00	-	7,302.00
9/01/2025	7,302.00	-	7,302.00
12/01/2025	7,302.00	-	7,302.00
3/01/2026	7,302.00	-	7,302.00
6/01/2026	7,302.00	-	7,302.00
9/01/2026	7,302.00	-	7,302.00

Sun Valley Public Service District, West Virginia
Loan of \$1,073,405 (\$773,405 New Money & \$300,000 to Refinance Series 1997B)
 37 Years, 0% Interest Rate
 Closing Date: October 18, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2026	7,302.00	-	7,302.00
3/01/2027	7,302.00	-	7,302.00
6/01/2027	7,302.00	-	7,302.00
9/01/2027	7,302.00	-	7,302.00
12/01/2027	7,302.00	-	7,302.00
3/01/2028	7,302.00	-	7,302.00
6/01/2028	7,302.00	-	7,302.00
9/01/2028	7,302.00	-	7,302.00
12/01/2028	7,302.00	-	7,302.00
3/01/2029	7,302.00	-	7,302.00
6/01/2029	7,302.00	-	7,302.00
9/01/2029	7,302.00	-	7,302.00
12/01/2029	7,302.00	-	7,302.00
3/01/2030	7,302.00	-	7,302.00
6/01/2030	7,302.00	-	7,302.00
9/01/2030	7,302.00	-	7,302.00
12/01/2030	7,302.00	-	7,302.00
3/01/2031	7,302.00	-	7,302.00
6/01/2031	7,302.00	-	7,302.00
9/01/2031	7,302.00	-	7,302.00
12/01/2031	7,302.00	-	7,302.00
3/01/2032	7,302.00	-	7,302.00
6/01/2032	7,302.00	-	7,302.00
9/01/2032	7,302.00	-	7,302.00
12/01/2032	7,302.00	-	7,302.00
3/01/2033	7,302.00	-	7,302.00
6/01/2033	7,302.00	-	7,302.00
9/01/2033	7,302.00	-	7,302.00
12/01/2033	7,302.00	-	7,302.00
3/01/2034	7,302.00	-	7,302.00
6/01/2034	7,302.00	-	7,302.00
9/01/2034	7,302.00	-	7,302.00
12/01/2034	7,302.00	-	7,302.00
3/01/2035	7,302.00	-	7,302.00
6/01/2035	7,302.00	-	7,302.00
9/01/2035	7,302.00	-	7,302.00
12/01/2035	7,302.00	-	7,302.00
3/01/2036	7,302.00	-	7,302.00
6/01/2036	7,302.00	-	7,302.00
9/01/2036	7,302.00	-	7,302.00
12/01/2036	7,302.00	-	7,302.00
3/01/2037	7,302.00	-	7,302.00
6/01/2037	7,302.00	-	7,302.00
9/01/2037	7,302.00	-	7,302.00
12/01/2037	7,302.00	-	7,302.00
3/01/2038	7,302.00	-	7,302.00
6/01/2038	7,302.00	-	7,302.00
9/01/2038	7,302.00	-	7,302.00
12/01/2038	7,302.00	-	7,302.00
Total	1,073,405.00	-	1,073,405.00

SCHEDULE Z

None.

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 24th day of August, 2001.

CASE NO. 99-1509-PSWD-19A [REOPENED]

SUN VALLEY PUBLIC SERVICE DISTRICT,
a public utility.

Rule 19A application to increase sewer and
water rates and charges.

COMMISSION ORDER

This is before the Commission on Richard G. Dale's (Intervenor's or Mr. Dale's) petition for reconsideration of the Commission's June 21, 2001, order in which the Commission denied Mr. Dale's exceptions and adopted the May 15, 2001, Recommended Decision as its final order. This is also before the Commission on Staff's petition to reopen the case in order for the Commission to approve a corrected tariff. For reasons explained below, the Commission will deny Mr. Dale's petition for reconsideration and will grant Staff's petition to reopen.

DISCUSSION

Mr. Dale's Petition for Reconsideration

On June 4, 2001, Mr. Dale filed a letter in which he stated that he and 121 customers who had signed a petition which he attached to his letter, protested the Recommended Decision which approved of a 62% increase in sewer rates. In support of his protest (which the Commission treated as exceptions), Mr. Dale stated that the District's Board and the County Commission were taking actions which would lower the amount of increase which is needed.

On June 19, 2001, the District filed a motion requesting expedited treatment. The District explained that the closing for its loan and refinancing was scheduled for June 27, 2001, at the offices of the West Virginia Water Development Authority and that the District's Board was scheduled to meet on June 26, 2001, to adopt the bond authorizing resolution and to execute the closing documents. The District stated that further delays in the refinancing would result in financial detriment to the District and its customers. Thus, the District requested expedited treatment of Mr. Dale's exceptions. The District further requested that the exceptions be denied.

On June 21, 2001, the Commission entered an order which denied Mr. Dale's exceptions and adopted the May 15, 2001, Recommended Decision and the May 29, 2001, Further Order as final orders of the Commission. The Commission found that Mr. Dale was given an opportunity to express his opinions at both the November 9, 2000, and January 16, 2001, hearings. The Commission further found that its review of the record indicates that the ALJ properly concluded that the Staff-recommended increase is necessary in order for the District to repay its debts.

On July 20, 2001, Mr. Dale filed a petition for reconsideration, in which he stated, among other things, that things have changed since 1999. He explained that the District has put money from the interim rate increase into escrow and that the District has been operating without these funds. He further explained that the District has done away with a manager position and has changed the sewer reimbursement percentage rate. Mr. Dale stated that some of the costs that were included in the financial information relied upon by Staff to determine the District's rates were costs that would have been incurred only one time and not on an on-going basis. Mr. Dale stated that the District's board members and former manager withheld information from him concerning deadlines for appeals. Mr. Dale further alleged that the District's attorney and the chairman of the District's Board conducted Board business without a Board meeting. Mr. Dale stated that all he wants is for the Commission to conduct a current audit and then rehear the case and determine rates based on the new audit. Mr. Dale further stated that he would like the Commission to consider his petition as soon as possible so that he will have time to file an appeal with the Supreme Court.

Mr. Dale acknowledged that his petition for reconsideration was not timely filed, but stated that he missed the filing deadline because of his father's illness. Mr. Dale requested that the Commission accept his late filing.

Rule 19 of the Commission's *Rules of Practice and Procedure (Procedure Rule)* requires petitions for reconsideration to be filed within ten (10) days of the date of the final order. The final order was entered on June 21, 2001, and Mr. Dale filed his petition for reconsideration on July 20, 2001. As stated above, Mr. Dale acknowledged that this

petition was filed late, but asserted that he has a good excuse since he was dealing with his father's illness.

The Commission concludes that Mr. Dale's petition for reconsideration was not timely filed pursuant to *Procedure Rule 19*, and while the Commission is sympathetic to Mr. Dale's family situation, the Commission further concludes that it would not be appropriate to waive the filing deadline by which petitions for reconsideration must be filed under the particular facts of this case. While the Commission should ensure that all parties are given a fair opportunity to present their case, the Commission must also make a final decision and end a case so that the parties may move onward. Sometimes this can be a difficult balance.

However, even if the Commission would accept Mr. Dale's petition for reconsideration for review, the Commission concludes that it would have to deny Mr. Dale's petition. While the Commission understands Mr. Dale's position that the District is taking measures which may in the future warrant a reduction in rates, the Commission, after reviewing all of the evidence presented in this case, has determined that the Staff-recommended rates should be approved as the current rates of the District. If any adjustments need to be made in the District's rates in the future, those adjustments may be made by the Commission in a future rate case.

Staff's Petition to Reopen

On July 12, 2001, Staff filed a petition to reopen in which it requested that the District's tariff for water service be corrected. Staff explained that the tariff approved in the Recommended Decision entered on May 15, 2001, which was subsequently adopted by the Commission as its final order on June 21, 2001, did not include the 30B increment that was previously approved by the Commission in an order entered on November 29, 2001, in Case No. 00-0992-PWD-30B. According to Staff, the 30B increment should have been included in the calculation of the District's present rates. Staff stated that a corrected tariff, which includes the District's 30B increment, is attached to the Further Final Internal Memorandum of Staff filed July 10, 2001. Thus, Staff requested that the Commission enter an order adopting the corrected tariff that is attached to the Staff's July 10, 2001, filing.

Upon review, the Commission concludes that Staff's request is reasonable. Accordingly, the Commission will reopen the case and will adopt the corrected tariff, which is attached to this order as Attachment A.

FINDINGS OF FACT

1. Mr. Dale filed a petition for reconsideration, in which he stated, among other things, that things have changed since 1999. Mr. Dale stated that all he wants is for the Commission to conduct a current audit and then rehear the case and determine rates based on the new audit. Mr. Dale further stated that he would like the Commission to consider his petition as soon as possible so that he will have time to file an appeal with the Supreme Court. Mr. Dale's letter filed July 20, 2001.

2. Mr. Dale acknowledged that his petition for reconsideration was not timely filed, but stated that he missed the filing deadline because of his father's illness. Mr. Dale requested that the Commission accept his late filing. Id.

3. Staff filed a petition to reopen in which it stated that the District's tariff for water service needed to be corrected. Staff explained that the tariff approved in the Recommended Decision entered on May 15, 2001, which was subsequently adopted by the Commission as its final order on June 21, 2001, did not include the 30B increment that was previously approved by the Commission in an order entered on November 29, 2001, in Case No. 00-0992-PWD-30B. According to Staff, the 30B increment should have been included in the calculation of the District's present rates. Staff stated that a corrected tariff, which includes the District's 30B increment, is attached to the Further Final Internal Memorandum of Staff filed July 10, 2001. Thus, Staff requested that the Commission enter an order adopting the corrected tariff that is attached to the Staff's July 10, 2001, filing. Staff's petition to reopen filed July 20, 2001.

CONCLUSIONS OF LAW

1. The Commission concludes that Mr. Dale's petition for reconsideration was not timely filed pursuant to *Procedural Rule 19*.

2. Even if Mr. Dale's petition for reconsideration had been timely filed, the Commission concludes that it would deny Mr. Dale's petition because the Commission, after reviewing all of the evidence presented in this case, concludes that the Staff-recommended rates should be approved as the current rates of the District.

3. The Commission concludes that Staff's petition to reopen should be granted and that the corrected tariff for the District's water service, which is attached to this order as Attachment A, should be adopted.

ORDER

IT IS, THEREFORE, ORDERED that Mr. Dale's petition for reconsideration is hereby denied.

IT IS FURTHER ORDERED that Staff's petition to reopen is granted.

IT IS FURTHER ORDERED that the corrected tariff for water service for the Sun Valley Public Service District, which is attached to this order as Attachment A, is adopted as Sun Valley Public Service District's tariff for water service.

IT IS FURTHER ORDERED that the Sun Valley Public Service District file with the Commission's Tariff Office an original and at least five copies of revised tariff reflecting the corrected tariff adopted herein within thirty (30) days of the date that this order is final.

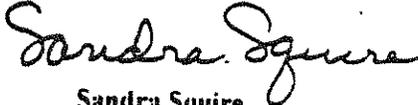
IT IS FURTHER ORDERED that the Commission's order entered on June 21, 2001, remains in full force and effect except as modified herein.

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

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

A True Copy. Teste:

ARC
LJA/ljm
991509cd.sca


Sandra Squire
Executive Secretary



SUN VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 99-1509-PSWD-19A

STAFF RECOMMENDED RATES - WATER

APPLICABILITY

Applicable in entire territory served

AVAILABILITY

(A) RATES

First	400 cubic feet	\$4.58 per 100 cubic feet
Next	400 cubic feet,	\$4.25 per 100 cubic feet
Next	400 cubic feet,	\$4.08 per 100 cubic feet
Next	800 cubic feet,	\$3.92 per 100 cubic feet
Next	3,000 cubic feet,	\$3.26 per 100 cubic feet
Next	5,000 cubic feet,	\$2.89 per 100 cubic feet

OR

First	2,992 gallons,	\$6.12 per 1,000 gallons
Next	2,992 gallons,	\$5.68 per 1,000 gallons
Next	2,992 gallons,	\$5.44 per 1,000 gallons
Next	5,984 gallons,	\$5.24 per 1,000 gallons
Next	22,442 gallons,	\$4.35 per 1,000 gallons
All Over	37,402 gallons,	\$3.85 per 1,000 gallons

(A) MINIMUM CHARGE

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

5/8-inch meter	\$ 17.72
1-inch meter	\$ 44.30
1-1/2-inch meter	\$ 88.60
2-inch meter	\$ 141.76
3-inch meter	\$ 265.80
4-inch meter	\$ 443.00
6-inch meter	\$ 886.00
8-inch meter	\$1,417.60

The above stated minimums will be subject to a \$.15 per cubic foot additional usage charge, OR, a \$.19 per 1,000 gallon additional charge whichever is applicable.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, 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.

(A) CONNECTION CHARGE

\$300.00

PRIVATE FIRE PROTECTION

Fifty Dollars(\$50.00) per month on all unmetered private fire service connection lines.

RECONNECTION CHARGE

\$20.00

(N) LEAK ADJUSTMENT INCREMENT

\$1.98 per M. gallons to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate is used to calculate consumption above the customers' historical average usage.

(A) Indicates Advance

(N) Indicates New

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 21st day of June, 2001.

CASE NO. 99-1509-PSWD-19A

SUN VALLEY PUBLIC SERVICE DISTRICT,
a public utility.

Rule 19A application to increase sewer and water rates and charges.

COMMISSION ORDER

This is before the Commission on Richard G. Dale's (Intervenor's or Mr. Dale's) exceptions to the Recommended Decision entered on May 15, 2001, in which the Administrative Law Judge (ALJ) approved the Staff-recommended rates and charges for the Sun Valley Public Service District (District) to be effective for all services rendered to its customers on and after the date that the Recommended Decision became final. The ALJ issued a Further Order on May 29, 2001, which is not at issue in Mr. Dale's exceptions. For reasons explained below, the Commission denies Mr. Dale's exceptions and adopts the May 15, 2001, Recommended Decision and the May 29, 2001, Further Order as the final orders of the Commission.

Background

The Commission will not repeat in this order the entire procedural history found in the May 15, 2001, Recommended Decision and the May 29, 2001, Further Order. Instead, the Commission will summarize those facts which relate to Mr. Dale's exceptions.

On October 15, 1999, the District filed an application to increase its sewer and water rates and charges, pursuant to Rule 19A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules).

On June 12, 2000, a Recommended Decision was entered which approved the Staff-recommended rates for use by the District on and after the date of that order becoming final. Staff had recommended an across-the-board increase of 10% for water rates and an across-the-board increase of 55% for sewer rates.

On September 19, 2000, the Commission granted Staff's petition for reconsideration and referred the matter to the ALJ Division for further proceedings, including a hearing. The Commission also directed that the Staff-recommended rates, which the ALJ approved in his June 12, 2000, Recommended Decision, were to stay in effect during the pendency of this case as interim rates, subject to refund, should the Commission find, upon further review, that the interim rates are not justified.

On November 9, 2000, a hearing was held in the Clarksburg-Harrison Library in Clarksburg. Mr. Dale, among others, spoke at this hearing. He complained about the size of the rate increase.

Staff filed a Further Joint Staff Memorandum on November 21, 2000, indicating that a Tariff Rule 30B case for the District's sewer operations had been filed after Staff had submitted its final rate recommendations in the above-styled case. Staff recommended placing the surcharge into the base rates, thereby obviating the need for a separate Tariff Rule 30B proceeding. As a result, Staff's previously recommended 55% sewer rate increase was revised to a 62% increase. In response to Staff's recommendation, the ALJ set another hearing for the purpose of addressing Staff's recommended additional increase in the District's sewer rates.

The hearing was held on January 16, 2001, in Clarksburg. Mr. Dale also spoke at this hearing.

On May 15, 2001, the ALJ entered a Recommended Decision, which approved of Staff's recommended 10% across-the-board increase for water rates and a 62% across-the-board increase for sewer rates to be effective for all services rendered to its customers on and after the date the Recommended Decision became final. The ALJ found that the "District has a large amount of debt that was incurred at the creation of the District and that these bonds and loans were not being repaid due to the District's lack of revenue." See Recommended Decision entered on May 15, 2001, at p. 8. The ALJ stated that although he agreed with the residents of Sun Valley that the Staff-recommended sewer rate increase is large, he recognized that the District's large debt would not be paid with the District's current rates. See Id. Thus, the ALJ found that the Staff-recommended rates were necessary. See Id.

On May 29, 2001, the ALJ entered a Further Order in which the District was given consent to enter into a new loan with the West Virginia Infrastructure and Jobs Development Council. The terms of this loan, which are outlined in the May 29, 2001, Further Order, will not be repeated in this order.

On June 4, 2001, Mr. Dale filed a letter in which he stated that he and 121 customers who had signed a petition which he attached to his letter, protested the Recommended Decision which approved of a 62% increase in sewer rates. The Commission is treating Mr. Dale's June 4, 2001, letter as exceptions. In support of his protest, Mr. Dale stated that the District's Board and the County Commission were taking actions which would lower the amount of increase which is needed.

On June 19, 2001, the District filed a motion requesting expedited treatment. The District explained that it had not been served with Mr. Dale's exceptions and did not know that such exceptions had been filed until that day. The District further explained that the closing for its loan and refinancing is scheduled for June 27, 2001, at the offices of the West Virginia Water Development Authority. The District stated that the District's Board is scheduled to meet on June 26, 2001, to adopt the bond authorizing resolution and to execute the closing documents. The District stated that the new loan will be very beneficial to the District and its customers, and that further delays in the refinancing would result in financial detriment to the District and its customers. Thus, the District requested expedited treatment of Mr. Dale's exceptions. The District further requested that the exceptions be denied.

DISCUSSION

The Commission finds it reasonable to grant the District's motion for expedited treatment given that further delays in the District's refinancing plan would be detrimental to the District and its customers.

The Commission notes that Mr. Dale was given an opportunity to speak at both the November 9, 2000, and January 16, 2001, hearings. Thus, Mr. Dale has had an opportunity to present his opinions and evidence. Moreover, the Commission's review of the record indicates that the ALJ properly concluded that the Staff-recommended increase is necessary in order for the District to repay its debts. Accordingly, the Commission will deny Mr. Dale's exceptions and will adopt the Recommended Decision entered on May 15, 2001, as its final order.

Additionally, the Commission will adopt the Further Order entered on May 29, 2001, as its final order.

FINDINGS OF FACT

1. Mr. Dale appeared at and participated in the November 9, 2000, and January 16, 2001, hearings held in the above-styled case. See Recommended Decision entered May 15, 2001, at pp. 3, 5 and 7.

2. The ALJ entered a Recommended Decision on May 15, 2001, which approved of Staff's recommended 10% across-the-board increase for water rates and a 62% across-the-board increase for sewer rates to be effective for all services rendered to its customers on and after the date the Recommended Decision became final. The ALJ found that the "District has a large amount of debt that was incurred at the creation of the District and that these bonds and loans were not being repaid due to the District's lack of revenue." See Recommended Decision entered on May 15, 2001, at p. 8. The ALJ stated that although he agreed with the residents of Sun Valley that the Staff-recommended sewer rate increase is large, he recognized that the District's large debt would not be paid with the District's current rates. See Id. Thus, the ALJ found that the Staff-recommended rates were necessary. See Id.

3. The ALJ entered a Further Order on May 29, 2001, in which the District was given consent to enter into a new loan with the West Virginia Infrastructure and Jobs Development Council. See Further Order entered May 29, 2001.

4. On June 4, 2001, Mr. Dale filed a letter in which he stated that he and 121 customers who had signed a petition which he attached to his letter, protested the Recommended Decision which approved of a 62% increase in sewer rates. In support of his protest, Mr. Dale stated that the District's Board and the County Commission were taking actions which would lower the amount of increase which is needed. See Mr. Dale's letter filed June 4, 2001.

5. On June 19, 2001, the District filed a motion requesting expedited treatment. The District explained that it had not been served with Mr. Dale's exceptions and did not know that such exceptions had been filed until that day. The District further explained that the closing for its loan and refinancing is scheduled for June 27, 2001, at the offices of the West Virginia Water Development Authority. The District stated that the District's Board is scheduled to meet on June 26, 2001, to adopt the bond authorizing resolution and to execute the closing documents. The District stated that the new loan will be very beneficial to the District and its customers, and that further delays in the refinancing would result in financial detriment to the District and its customers. Thus, the District requested expedited treatment of Mr. Dale's exceptions. The District further requested that the exceptions be denied. See District's letter filed June 19, 2001.

CONCLUSIONS OF LAW

1. The Commission will grant the District's motion for expedited treatment.
2. The Commission will deny Mr. Dale's exceptions and will adopt the Recommended Decision entered on May 15, 2001, as its final order.
3. The Commission will adopt the Further Order entered on May 29, 2001, as its final order.

ORDER

IT IS, THEREFORE, ORDERED that the District's motion for expedited treatment of Mr. Dale's exceptions is granted.

IT IS FURTHER ORDERED that Mr. Dale's exceptions are denied.

IT IS FURTHER ORDERED that the Recommended Decision entered on May 15, 2001, is adopted as the Commission's final order.

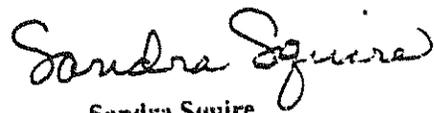
IT IS FURTHER ORDERED that the Further Order entered on May 29, 2001, is also adopted as the Commission's final order.

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

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

LJA/ljm
991509cc.wpd

A True Copy. Teste:


Sandra Squire
Executive Secretary



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 29, 2001

~~CASE~~ NO. 99-1509-PSWD-19A

SUN VALLEY PUBLIC SERVICE DISTRICT,
a public utility.

Rule 19A application to increase
sewer and water rates and charges.

FURTHER ORDER

On October 15, 1999, the Sun Valley Public Service District (District) filed with the Public Service Commission an application to increase its sewer and water rates and charges, pursuant to Rule 19A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules).

By Recommended Decision dated May 15, 2001, the Staff-recommended rates were approved for use by the District on and after the date that said order became final. Through inadvertence, the May 15, 2001 Recommended Decision did not rule on the District's request for approval to enter into a new loan with the West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) to pay off the principal of the District's four existing long-term loans with the Infrastructure Council's loan at 0% interest, in accordance with the provisions of West Virginia Code §16-13A-25.

In its Staff Report, as amplified by Financial Analyst Sean Ireland at the hearing, Commission Staff recommended that the Commission approve the Infrastructure Council loan, which is a loan consolidating the District's existing long-term debt with a 0% loan. The term of the loan will be 36 years and three months. The amount of the loan is sufficient to pay in full the principal of the District's Sewer Revenue Bonds Series 1997B, in the principal amount of \$300,000; Sewer Revenue Bonds Series 1997C, in the principal amount of \$273,750; the Sewage Construction Notes Series 1997 in the principal amount of \$277,731; and the Sewage System Design Notes Series 1998 in the principal amount of \$142,500, together with legal fees, costs of issuance and accrual interest to the date of closing of the loan with the Infrastructure Council. The exact amount of this loan will be determined at closing. (Staff Exhibit No. 1; Testimony of Sean Ireland, Tr., pp. 19-20).

On May 29, 2001, the District advised the Administrative Law Judge that he had failed to rule on this request for approval of the loan in the May 15, 2001 Recommended Decision.

Since the May 15, 2001 Recommended Decision did not rule on the request for approval of the new loan; and since Commission Staff has recommended that the Commission approve this loan, it is reasonable to approve the loan.

FURTHER FINDING OF FACT

Commission Staff has recommended that the Commission approve the Infrastructure Council loan, which is a loan consolidating the District's existing long-term debt with a 0% loan. (See, Staff Exhibit No. 1; Testimony of Sean Ireland, Tr., pp. 19-20).

FURTHER CONCLUSION OF LAW

For the reason set forth in the Further Finding of Fact, it is reasonable to approve this new Infrastructure Loan consolidating the District's long-term debt.

ORDER

IT IS, THEREFORE, ORDERED that the Sun Valley Public Service District be, and the same hereby is, authorized to enter into a new loan with the West Virginia Infrastructure and Jobs Development Council at an interest rate of 0% in an amount sufficient to pay in full the principal of the District's Sewer Revenue Bonds Series 1997B, in the principal amount of \$300,000; Sewer Revenue Bonds Series 1997C, in the principal amount of \$273,750; the Sewage Construction Notes Series 1997 in the principal amount of \$277,731; and the Sewage System Design Notes Series 1998 in the principal amount of \$142,500, together with legal fees, costs of issuance and accrual interest to the date of closing of the loan with the Infrastructure Council.

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. Additionally, the Executive Secretary shall serve a copy of this Order upon Norman T. Farley, Esquire, counsel for Sun Valley Public Service District, by facsimile transmission.

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:mal
991509ag.wpd



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 15, 2001

CASE NO. 99-1509-PSWD-19A

SUN VALLEY PUBLIC SERVICE DISTRICT,
a public utility.

Rule 19A application to increase
sewer and water rates and charges.

RECOMMENDED DECISION

On October 15, 1999, the Sun Valley Public Service District (District) filed with the Public Service Commission an application to increase its sewer and water rates and charges, pursuant to Rule 19A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules).

By Order dated November 1, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before June 12, 2000, and Commission Staff was to file its Report on or before January 24, 2000.

By Order dated December 16, 1999, the Commission extended the Staff Report due date until April 4, 2000, and the decision due date until August 11, 2000.

The application was reviewed by the Water and Wastewater and Engineering Divisions and Staff Reports were filed on April 3, 2000, for both the water and sewer rate increases, by Staff Attorney Cassius H. Toon. Staff recommended a 10% increase in water rates and a 55% increase in sewer rates.

By Order dated April 17, 2000, the District was ordered to give notice to its customers of the Staff-recommended water and sewer rates by publishing a Tariff Form No. 10, once a week for two (2) consecutive weeks, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County.

On April 21, 2000, Staff Attorney Cassius H. Toon filed a Further Joint Staff Memorandum to which was attached the Second Further Final Memorandum prepared by Mr. Sean P. Ireland, Utilities Analyst II, Water and Wastewater Division, and Ms. Audra L. Blackwell, Engineer-in-Training II, Engineering Division. Staff explained that, in its final report dated March 29, 2000, and filed on April 3, 2000, Staff had inadvertently left out an additional charge derived from a prior Rule 30-B case on the Staff-recommended tariff when the Staff should have rolled these charges

into the minimum bills directly. The corrected Staff-recommended rates were attached to the Memorandum.

On April 25, 2000, the District was ordered to publish a corrected Tariff Form No. 10, which included the recent Staff changes to the Staff-recommended water and sewer rates.

On June 6, 2000, the District filed proper affidavits of publication reflecting that publication had been made in accordance with the Commission's requirements in the Order of April 17, 2000. Timely protests were filed to the application to increase sewer rates by twenty individuals representing 15 household customers of the District which has a total of 350 sewer customers. Two protests were filed which referenced the water rate increase.

In a Recommended Decision entered June 12, 2000, the Staff-recommended rates were approved for use by the District on and after the date that said Order became final.

On June 19, 2000, Commission Staff filed exceptions to the Recommended Decision entered on June 12, 2000, approving the District's sewer and water rate increases, arguing that hearing was constitutionally required.

On June 20 and 21, 2000, additional protests to the sewer rates were filed with the Commission, containing approximately 136 signatures representing approximately 105 households.

By Order dated August 17, 2000, the Staff exceptions were denied and the June 12, 2000 Recommended Decision was adopted.

On August 28, 2000, Staff petitioned the Commission to reconsider its August 17, 2000 Order.

On September 11, 2000, an additional protest to the sewer rates was filed.

In an Order dated September 19, 2000, the Commission granted Staff's petition for reconsideration and referred this matter to the Division of Administrative Law Judges for further proceedings, including a hearing. The rates approved in the August 17, 2000 Order were to remain in effect as interim rates, subject to refund, should the Commission find, upon further review, that the interim rates are not justified. Finally, the Order referred this matter to the Division of Administrative Law Judges for a decision to be rendered on or before January 11, 2001.

By Procedural Order dated October 11, 2000, this matter was set for a hearing to be held in the Clarksburg-Harrison Library Public Meeting Room - Waldomore, Clarksburg, West Virginia, on November 9, 2000.

The hearing was held as scheduled on November 9, 2000. The District was represented by its counsel, John S. Kaul, Esquire. The West Virginia Water Authority (WDA) was represented by its counsel, Phil Melick, Esquire. Commission Staff was represented by Staff Attorney Cassius H. Toon.

On November 21, 2000, Staff Attorney Cassius H. Toon filed a Further Joint Staff Memorandum to which was attached the Initial and Final Internal Memorandum prepared by Mr. Sean P. Ireland, Utilities Analyst II, Water and Wastewater Division. Staff explained that a 30B case for the District's sewer operations was filed with the Commission after Commission Staff had submitted its final 19A report on March 30, 2000. As a result, Staff has recommended placing the surcharge into the base rates with this revision to the report, thereby obviating the need for a separate 30B procedure. As a result, the previously recommended 55% sewer increase was revised to a 62% increase.

By Order dated December 1, 2000, Commission Staff was directed to file and obtain a 120-day extension of the Administrative Law Judge's decision due date in this case in order to allow for further publication and hearing of the substantially revised and increased rates.

On December 5, 2000, a motion was filed by Staff to extend the Administrative Law Judge's decision due date and by Order dated December 6, 2000, the Administrative Law Judge's decision due date of January 11, 2001, was extended until May 15, 2001.

On December 13, 2000, a letter was filed by John Philip Melick, Esquire, indicating that the West Virginia Water Development Authority (WDA) urges that a final decision be made in this case, as soon as possible. Mr. Melick explained that, as of April 1, 2000, the District's April 1, 2000, outstanding principal balance of \$277,731.31 on its 1997 construction loan is accruing interest at the rate of \$49.52 daily. If the District's approved Infrastructure and Jobs Development Council loan would have closed as scheduled on December 20, 2000, the payoff would have been \$328,374.16. While recognizing the need for additional proceedings in this matter, Mr. Melick reminded the Commission that the amount outstanding on the loan will continue to grow by \$49.52 every day thereafter. Mr. Melick suggested that, in order to allow for closing, the final amount to be approved should add at least 30 days of interest from the date of the final order. Mr. Melick indicated that there is no dispute concerning the District's need for rate relief, or the benefits of debt refinancing for present and future customers, and he urged prompt disposition consistent with satisfaction of applicable procedures.

By Procedural Order entered on December 15, 2000, a revised procedural schedule was established for this case, in order to give notice to the District's customers of the revised Staff rates and to provide for a further hearing. The District was directed to publish a notice of the revised Staff rates and hearing and this matter was set for hearing to be held on January 16, 2001, in Clarksburg. A schedule for the filing of the transcript and initial and reply briefs was also established.

The hearing set for January 16, 2001, was held as scheduled, with Norman Farley, Esquire, appearing on behalf of the District and Mr. Toon again appearing on behalf of Commission Staff. Mr. Richard Dale, a customer and a Board Member of the District, to take office approximately two days after the hearing, was granted Intervenor status. The District submitted an affidavit of publication verifying that the required notice of the Staff rates and the hearing was published.

The transcript references for the hearing held on November 9, 2000, will be referred to as Tr. I. The transcript references for the hearing held on January 16, 2001, will be referred to as Tr. II.

EVIDENCE PRESENTED

At the hearing on November 9, 2000, the Staff report containing its recommendations for the water rates in this case was marked as Staff Exhibit No. 1. The Staff report containing the recommendations for the sewer rates was marked as Staff Exhibit No. 2. For a full discussion of Staff Exhibit Nos. 1 and 2 see pages 1 through 4 of the April 17, 2000 Order Requiring Publication, which will not be repeated here.

Mr. Sean Ireland, Utilities Analyst II, explained that, since the Staff report was filed, a 30B case occurred passing through an increase by the Clarksburg Sanitary Board for both water and sewer service. In the water case, he included the Rule 30B rates in the District's water rates. However, he only learned of the sewer Rule 30B the morning of the hearing. The 30B case impact is to increase the District's rates over and above the 19A rates needed by the District to operate. Under the current rate structure, the District has insufficient revenues coming in for the water operation, as well as the sewer operation. A 1997 bond for the sewer system has become due and the District has not been able to discharge it. Mr. Ireland indicated that the effect of not granting a rate increase would be for the District to court financial disaster. The Staff-recommended rates that are presently in effect on an interim basis will allow the District to refinance its debt. The refinancing will be to the benefit of the District's customers since it will be at 0% interest. At the present time, there is a WDA loan at 6.25% interest that will be refinanced at 0% interest. For the District's sewer rates, the bond indebtedness is the largest reason for the rate increase. The Staff-recommended rates were designed to provide the District with enough money to remain solvent and pay its indebtedness. For the test year, the District experienced a \$15,793 deficit in the water operations and a \$50,707 deficit in the sewer operations. (Tr. I, pp. 6-26; Staff Exhibits 1 and 2; Order dated April 12, 2000).

The Sun Valley Public Service District called as its witness Mr. Vincent A. Collins who serves as bond counsel for various water and sewer authorities. District Exhibit No. 1 shows information on the different bonds and notes that are outstanding for the District. These include two loans from the West Virginia Infrastructure and Jobs Development Council (Council), a loan from the West Virginia State Revolving Fund and a short-term loan or note from the Water Development Authority. The 1997 Series A bonds are currently outstanding in the amount of \$814,227, at 0% interest for 40 years. The 1997 Series B bonds are outstanding in the amount of \$300,000. This loan is payable from years 21 through 40. For the first 20 years there is no interest or principal payable on the loan. Currently, there is no amount being paid or payable on these bonds. The 1997 C Bond is outstanding in the amount of \$273,750, payable over 20 years at 0% interest, but with a 1% administrative fee. (Tr., pp. 27-30).

The 1997 construction note payable to the WDA has an outstanding balance of approximately \$277,731 payable at an interest rate of 6.25%

per annum. This note was actually due and payable on December 1, 1998, but remains unpaid and outstanding at this time and should have been paid off in December or June 1998. The first four notes and loans were money used to design, acquire and construct Phase I of the sewer project which is now in use. (Tr., pp. 30-31).

The fifth loan is a sewage system design note Series 1998 to fund preliminary design and engineering cost for the Phase II sewer project. This note has an outstanding balance of \$142,500 and becomes due in full on February 23, 2001. It was assumed that this note would be paid off when construction bonds were issued, which has not yet occurred. Because of this situation, it is unlikely that the District will be going forward with the construction of Phase II at this point by February 2001. If the loan becomes due, the Council has requested that the loan be paid off and that funds be made available by this rate increase for the payment of this loan. If this loan is rolled into the refinancing at 0% interest for 40 years, it would be better terms than waiting for the construction loan. It is to the District's advantage and to the public consumers' advantage to roll this loan into the 0% loan rather than wait until February 2001. (Tr. I, pp. 30-35).

With this evidence being presented, the District rested.

Statements were next taken from members of the public appearing in protest to the application.

Mr. Richard Dale is a customer of the Sun Valley Public Service District for both water and sewer service. His statement in protest was not specific about many items and touched on several things, but basically he was complaining about the size of the increase. He agreed that now that the District had debt obligations, it is the District's responsibility to pay those obligations. In his comments, he seemed to be indicating that the District should hire a manager to determine how things could be worked out so that the situation will not get worse and will continue to need increases in the rates. (Tr., pp. 35-46).

Mr. Edward Gower is a customer of the District for both water and sewer service living in the Liberty Addition to Chieftan, which is the only area that is on both the District's water and sewer systems. This area covers only approximately 3 miles. Mr. Gower indicated that he had surveyed the area by going to the various households and did not find anyone who was in favor of the increase. People agreed that the water rates are reasonable. It is only the sewer rate increase that they are protesting. Mr. Gower indicated that, although the area is getting good water service, he does not believe that the District's customers should be paying for the Clarksburg Water Board's problems. His principal complaint is that the 55% increase for the sewer rates is too high. Mr. Gower opined that there are other people in the area with children that will not be able to afford water with the rate increase. (Tr. I, pp. 46-54).

Mr. Clifford Singleton lives in the Liberty Addition and is on the sewer system only, since he has own water supply. He indicated that he was willing to pay his share but thinks that he is paying more than his share. (Tr., pp. 54-55).

Mr. Michael Gallow is the fire chief of Reynoldsville. His comments were to the District's desire to purchase a new truck. He opined that the District should redo the bed of its current truck to carry the sewer and water tools separately as is required. He questioned that he was not being charged the right amount for his minimum bill. Mr. Gallow believes that the sewer system is wonderful. As fire chief, he complained that he was not always notified of water line breaks so he could make adjustments for lack of water with the fire trucks. He is not against the increase, just the amount of the increase. (Tr. I, pp. 55-65).

Ms. Pat Secret owns and operates the Town House West Motor Lodge which receives its water and sewer service from the District. She explained that the Motel's sewer bill has gone from \$300 to \$900 and the sewage is more than one-half of the Motel's water bill. The Motel is always a month behind on its water bill and, because of the large bills, it does not have the money to modernize its rooms. (Tr. I, pp. 65-66).

Ms. Paula Boyles lives in Reynoldsville and is a customer of the District, only having sewage service. She explained that, before the increase, she was paying \$8 less than her family members that have water service as well, but, after the increase, she is paying \$37 and doesn't have water. (Tr. I, pp. 66-67).

With the testimony of Ms. Boyles, no further evidence was received at the hearing held on November 9, 2000.

At the hearing held on January 16, 2001, Mr. Ireland testified that, at the first hearing held on November 9, 2000, Staff had not been aware of a 30B case for sewer rates which was a pass through from the Clarksburg Sanitary Board. The Sanitary Board's increase of \$5,163 is an expense that the District must pay. Staff Exhibit No. 3¹, a Further Joint Staff Memorandum filed on January 2, 2001, was received in evidence. Under debt service, the Staff-recommended amount for principal retirement increased from \$23,250 on Staff Exhibit 2 to \$29,611 on Staff Exhibit No. 3. Mr. Ireland explained that the \$6,000 difference is a result of the fact that Staff, at the time it submitted its first report, had not taken that into account the loan that was to come due in February 2001. Mr. Ireland has been advised that the WDA loan would only be refinanced for 36 and one-quarter years, rather than the 40 years discussed at the November hearing, still at 0% interest, but these two factors have caused the Staff-recommended sewer rates to go up to a 67% increase. Based upon his investigation of the District and its financial situation, Mr. Ireland opined that the revised Staff-recommended rate increase for the sewer operation in this case is necessary to keep the District afloat. Without the sewer increase, the District would be unable to pay its bonds and debts. Mr. Ireland did not find any expenses that were not necessary. In addition, the District must have a separate truck for both its water and sewer operations. When it buys a new one, it will sell the truck that it purchased six months ago. A used truck may break down, but a new truck has a warranty. The decision to purchase the truck is one

¹This exhibit was incorrectly noted in the transcript of the January 16, 2001 hearing, in one place as Staff Exhibit 1 and in another as Staff Exhibit 2. Because of the 2 exhibits from the November hearing, this exhibit must be marked Staff Exhibit 3.

made by the District Board and the cost was divided over five years and is a very small part of the overall increase. Prior to Staff resting its case in this hearing, there was a long rambling discourse between Mr. Dale, the Intervenor, and Mr. Ireland from which little, if any, information of evidentiary value was ascertained that had not been previously testified to. (Tr. II, pp. 6-47).

Statements were again taken from those persons appearing in protest to the application.

Mr. Scott Williams questioned the 12% increase that is being added to the original 55% increase and it was explained to him concerning the 30B pass through and the shortening of the loan. (Tr. II, pp. 52-55).

Ms. Helen May commented about the \$50 that was collected per lot to hook onto the system. Mr. Dale interjected and asked whether the \$142,000 engineering fee for the second phase was included in this rate increase. It was explained to Mr. Dale that this fee was not a part of this case, but would be part of a certificate case for the second phase sewer project at a later date. (Tr. II, pp. 55-58).

Mr. Mike Lamp is a customer of the Sun Valley Public Service District. He explained that the ever-increasing water bills will result in him cutting back on his life style. (Tr. II, pp. 58-59).

Ms. Carol Gerard is also a customer of Sun Valley and explained that, as a single mother raising two children, she cannot afford to pay the high prices. (Tr. II, pp. 59-62).

Ms. Carol Roush is a Clarksburg Water Board customer and Sun Valley PSD sewage customer. She asked whether she and her neighbor, who pay Clarksburg, are being double-dipped when the Clarksburg Water Board increases its rates and explained that, as a sewer customer she is paying the same rate as the Sun Valley sewer customers. She also inquired whether Sun Valley had applied for any grants to help pay off the loans that were in default. Ms. Clevenger of the Sun Valley Public Service District advised that, currently, there were no grants available from the state. Mr. Bart Leggett objected to the increase as he did not believe that every customer should have to pay for four years of mistakes made by the District. (Tr. II, pp. 62-79).

Mr. Don Fittro inquired as to whether there was a minimum charge for sewage, as well as water. The minimum bills for sewer service are based on 2,000 gallons of water used or 267 cubic feet, which are equivalent, and if no sewage and no water is used, he would still pay the minimum bill for 267 cubic feet. (Tr. II, pp. 79-80).

Mr. Charlie Powers, Ms. Helen May, Mr. Ken Schroeder and Mr. Anthony Oliveto expressed dissatisfaction with the rate increase. (Tr. II, pp. 79-93).

With the comments of Mr. Oliveto, no further evidence was taken in this matter and it was submitted for a decision. The parties waived the filing of briefs in this matter.

DISCUSSION

This Rule 19A application was filed by the Sun Valley Public Service District. At the hearing held on November 9, 2000, Staff presented its reports prepared for this case showing that the District was operating at a deficit level. As a result, Staff recommended a 10% across-the-board increase for the water rates and a 55% across-the-board increase for the sewer rates.

After the first hearing, the Clarksburg Sanitary Board raised its rates for processing the District's sewage. As a result of this 30B pass through and combined with Staff becoming aware that one of the District's loans became due in February 2001, Staff revised its recommended rates for sewer service from a 55% increase to a 62% increase. This increase was subsequently revised to a 67% increase.

Because of this sizeable increase in sewer rates, a second hearing was held to examine the increased sewer rates. The evidence presented at the hearings revealed that the District has a large amount of debt that was incurred at the creation of the District and that these bonds and loans were not being repaid due to the District's lack of revenue.

The numerous protesting witnesses complained principally about the size of the rate increase particularly for sewer service. Several of the public witnesses were satisfied with the water service.

Although the Administrative Law Judge agrees with the residents of Sun Valley that the Staff-recommended sewer rate increase is large, he also recognizes that the District has a great amount of debt that must be paid and, at the District's current rates, there is not enough revenue to provide for these payments or fund the reserve requirements.

Therefore, given all the evidence presented at the hearings, the Administrative Law Judge is of the opinion and finds that the Staff-recommended rate increases are not only reasonable but necessary to allow the District to continue to provide the water and sewer service that its customers must have and to retire the debt it has incurred over the years. Therefore, the Staff-recommended rates, as set forth in Appendix A to this Order, should be approved for use by the District for all service provided on and after the date that this Order becomes final.

FINDINGS OF FACT

1. On October 15, 1999, the Sun Valley Public Service District filed an application with the Public Service Commission pursuant to Rule 19A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle, to increase its sewer and water rates. (See application).

2. On April 3, 2000, Staff recommended an across-the-board increase of 10% for the water rates and an across-the-board increase of 55% for the sewer rates. (See Staff Exhibit Nos. 1 and 2).

3. In a Recommended Decision entered June 12, 2000, the Staff-recommended rates were approved for use by the District on and after the date that said Order became final. (See Order dated June 12, 2000).

4. In an Order dated September 19, 2000, the Commission granted Staff's petition for reconsideration, but left in effect the rates approved in the Recommended Decision of June 12, 2000, as interim rates, subject to refund, should the Commission find, upon further review, that the interim rates are not justified. The Order also referred this matter to the Division of Administrative Law Judges for further proceedings, including a hearing. (See Commission Order dated September 19, 2000).

5. At the hearing held November 9, 2000, Staff presented evidence that, under the District's previous rates, the District has insufficient revenues to meet the bond requirements that it has and is operating at a deficit. (Tr. Vol. I, pp. 18-19; Staff Exhibits 1 and 2).

6. On November 21, 2000, Staff Attorney Toon filed a Further Joint Staff Memorandum explaining that, since Staff had filed its original reports, the District had filed a 30B case for the sewer operations and one of the District's loans became due in February 2001, and as a result, Staff revised its recommended sewer increase from 55% to 62%. This was subsequently increased again to a 67% increase. (See, Further Joint Staff Memorandum dated November 21, 2000; Staff Exhibit No. 3).

7. At the hearings held on November 9, 2000 and January 16, 2001, 13 individuals and customers of the District gave testimony in opposition to the sewer rate increase as being too high. (See Tr. Vols. I & II generally).

CONCLUSION OF LAW

Since the Sun Valley Public Service District's current sewer and water rates do not produce sufficient revenue to enable the District to pay its expenses and debt service, it is reasonable to approve the Staff-recommended water and sewer rates for all service rendered by the Sun Valley Public Service District, on and after the date that this Order becomes final.

ORDER

IT IS, THEREFORE, ORDERED that the Staff-recommended rates and charges for the Sun Valley Public Service District, as set forth in Appendix A to this order, be, and the same hereby are, approved to become effective for all service rendered to its customers on and after the date that this order becomes final.

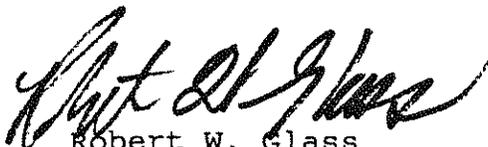
IT IS FURTHER ORDERED that Sun Valley Public Service District file with the Commission's Tariff Office an original and at least five copies of revised tariffs reflecting the rates approved herein within thirty days of the date that this Order becomes final.

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:mal
991509af.wpd

SUN VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 99-1509-PSWD-19A

APPROVED WATER RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for general domestic, commercial, and industrial service.

RATES

First	400 cubic feet	\$4.43 per 100 cubic feet
Next	400 cubic feet	\$4.10 per 100 cubic feet
Next	400 cubic feet	\$3.93 per 100 cubic feet
Next	800 cubic feet	\$3.77 per 100 cubic feet
Next	3,000 cubic feet	\$3.11 per 100 cubic feet
Next	5,000 cubic feet	\$2.74 per 100 cubic feet

OR

First	2,992 gallons	\$5.93 per 1,000 gallons
Next	2,992 gallons	\$5.49 per 1,000 gallons
Next	2,992 gallons	\$5.25 per 1,000 gallons
Next	5,984 gallons	\$5.05 per 1,000 gallons
Next	22,442 gallons	\$4.16 per 1,000 gallons
Over	37,402 gallons	\$3.66 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 17.72
1 inch meter	\$ 44.30
1-1/2 inch meter	\$ 88.60
2 inch meter	\$ 141.76
3 inch meter	\$ 265.80
4 inch meter	\$ 443.00
6 inch meter	\$ 886.00
8 inch meter	\$1,417.60

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, 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.

CONNECTION CHARGE ----- \$300.00

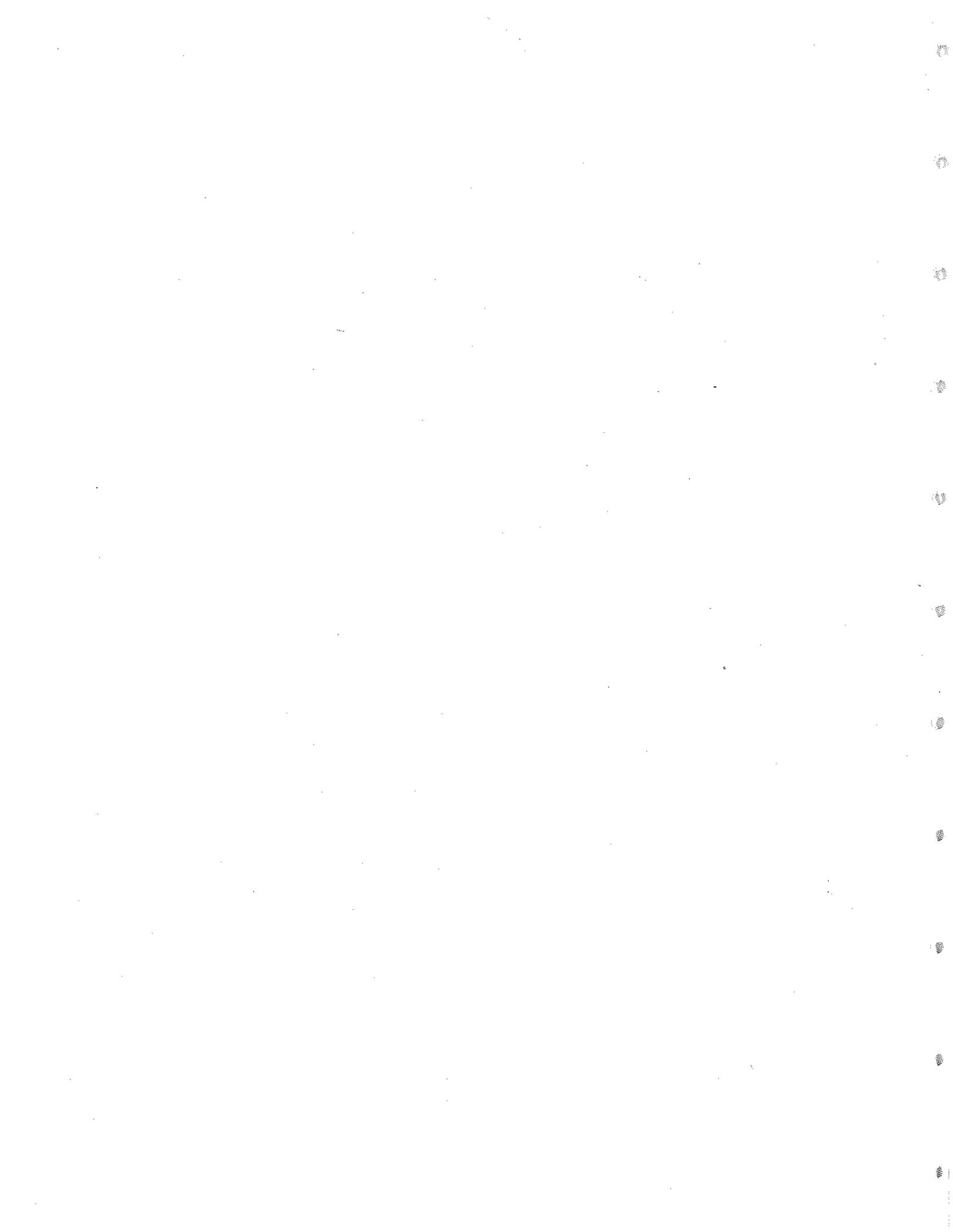
PRIVATE FIRE PROTECTION

Fifty Dollars (\$50.00) per month on all unmetered private fire service connection lines.

RECONNECTION CHARGE ----- \$20.00

INCREMENTAL LEAK ADJUSTMENT

\$1.98 per M. gal. 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 is used to calculate consumption above customer's historical average usage.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 12, 2000

CASE NO. 99-1509-PSWD-19A

SUN VALLEY PUBLIC SERVICE DISTRICT,
a public utility.

Rule 19A application to increase
sewer and water rates and charges.

RECOMMENDED DECISION

On October 15, 1999, the Sun Valley Public Service District (District) filed with the Public Service Commission an application to increase its sewer and water rates and charges, pursuant to Rule 19A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules).

By Order dated November 1, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before June 12, 2000, and Commission Staff was to file its Report on or before January 24, 2000.

By Order dated December 16, 1999, the Commission extended the Staff Report due date until April 4, 2000, and the decision due date until August 11, 2000.

The application has been reviewed by the Water and Wastewater and Engineering Divisions and Staff Reports were filed on April 3, 2000, for both the water and sewer rate increases, by Staff Attorney Cassius H. Toon.

The Staff Reports set forth the results of Staff's examination of the books, records and overall operations of the Sun Valley Public Service District for both its water and sewer operations for the fiscal year ending June 30, 1999. The District was created by the Harrison County Commission to provide sewer and water service within its service territory. The District currently owns one vehicle, which is in fair condition, and is in the process of purchasing a new truck.

The District has four employees, one bookkeeper, one manager and two field personnel, who do maintenance and billing for the District's water and sewer systems. Appropriate FICA, State Unemployment and Workers' Compensation taxes have been filed. The two vehicles and the District's four employees work for both the water and sewer systems. The Sun Valley Public Service District (sewer) reimburses the Sun Valley Public Service District (water) for payroll, taxes, new vehicle payments and other

allocable expenses. The allocation is derived using a customer base of 850 water customers and 350 sewer customers. The shared expenses are allocated 70% water and 30% sewer. The operating revenues, long-term debt and other records of the two systems of the District are kept entirely separate.

The District does not own water or sewage treatment plants. It purchases all its water from the Clarksburg Water Board at a rate of \$1.98 per 1,000 gallons. The District's sewage is treated by the Clarksburg Sanitary Board. The District has a number of customers that are not metered in gallons, but are metered in cubic feet. The District's customers are primarily residential with a number of commercial customers.

In its application filed on October 15, 1999, the District requested an interim rate increase of 3% for each system, but the Commission declined to allow the District to charge the interim rates.

On February 16, 2000, Technical Staff conducted a field investigation of the District's water distribution and sewage collection systems. The District has no licensed operators.

The District's sewage system is a gravity system and contains two lift stations and three grinder pumps.

The District's water distribution system consists of two water storage tanks, one with a capacity of 125,000 gallons and the other with a capacity of 240,000 gallons. The 125,000-gallon tank was repaired and painted in 1991. The 240,000-gallon tank was installed in 1991. Both tanks are in good condition. The one pump station on the water distribution system is just over a year old and contains two pumps that alternate.

Technical Staff's recommended surplus for sewer operations was \$825, while the calculated average plant additions for the water system is \$12,529, and a surplus of this amount has been allowed for the water operations.

Staff recommended a 5% salary increase for the District's employees, which had been approved by the District's Board in the Minutes of its meeting held on February 24, 2000.

Staff recommended that the District obtain a bank loan in the amount of \$27,601.64 at an interest rate of 8.5% for 60 months with monthly payments of \$566.32, for the purpose of purchasing the following items:

Pentium III 600 MHZ Computer System	\$ 2,789.00
Miscellaneous Tools	383.64
Neptune Pocket ProReader System	550.00
2000 Dodge Ram 2500 Truck	<u>22,979.00</u>
Total	<u>\$27,601.64</u>

Of the \$27,601 recommended to be borrowed for the vehicle, computer and tools loan, \$8,280 would be allocated to the sewer system and \$19,321 would be allocated to the water system.

Staff explained that the District sets approximately 4 new sewer taps per year and approximately 20 water taps per year. Having reviewed the cost figures regarding sewer taps for the past two years and water taps for the past three years, Technical Staff determined that the average cost for the District to set a sewer tap is \$350 and the average cost to set a water tap is approximately \$450. Therefore, Technical Staff recommended that the District's connection fee be increased to \$300 for both the water and sewer systems.

The District has one long-term debt at per books on the water system with the required reserve for this bond fully funded. The District also has a renewal and replacement reserve for this debt that is fully funded.

The District has five long-term debts on its sewer system. The District was only making payments on two of these five debts during the test year. These two loans were issued by the West Virginia Infrastructure and Jobs Development Council (WVIJDC) and State Revolving Fund, respectively. A third loan was issued by the WDA and has been in default since December 1, 1998. The District was ordered by the WDA to make a large payment on this loan on November 8, 1999, in the amount of \$33,531.69. The District is still in default to the WDA for this loan. The final two loans, issued through the WVIJDC, did not require any loan or reserve payments during the test year. One of these final two loans does not require payments until 2001 and the other does not require payments until 2017. WVIJDC has agreed to combine the one WVIJDC loan that does not require bond payments until 2017 with the WDA loan and the State Revolving Fund loan. This results in a \$930,000 loan at 0% interest for 40 years issued through the WVIJDC. The bond payments on this new loan will total \$23,250 per year and will begin as soon as Staff's rates are placed into effect. Staff has included the required renewal and replacement reserves for this loan in its rates.

Staff further explained that the District gave a number of pay increases during the test year. One employee received a \$0.50 per hour raise that was only partially reflected in the test year. The District also approved in Board Minutes a 5% increase for all employees since the test year. The Sun Valley Public Service District (water) pays all of the expenses associated with these payroll increases. The Sun Valley Public Service District (sewer) reimburses 30% of the adjusted payroll and associated expenses to the Sun Valley Public Service District (water). In its operations, the District has historically maintained appropriate checking and savings accounts. As of June 30, 1999, the sewer operation had the following accounts: \$15,413 in its operating account; \$300 in a security deposit account; \$10,042 in a mainline extension and upgrade reserve account; and \$1,877 in a renewal and replacement account. As of June 30, 1999, the water operation had the following accounts: \$4,477 in its operating account; \$28,351 in the mainline repair account; \$534 in an equipment account; \$4,800 in a security deposit account; \$18,879 in a bond reserve account; and \$12,526 in a renewal and replacement account.

Based upon its review and analysis of the Sun Valley Public Service District (water) operations, Staff recommends a 10% increase in the District's current water rates and charge. Going-level cash flow shows the District has a deficit of \$15,793, with a debt service coverage of 25.09%. Based on Staff's recommended rates, the Sun Valley Public

Service District (water) will have a cash surplus of \$13,534, and a debt service coverage factor of 164.19%.

Based upon its review and analysis of the Sun Valley Public Service District (sewer) operations, Staff recommends a 55% increase in the District's current sewer rates and charge. Going-level cash flow shows the District has a deficit of \$50,707, with a debt service coverage of 7.62%. Based on Staff's recommended rates, the Sun Valley Public Service District (sewer) will have a cash surplus of \$821, and a debt service coverage factor of 118.94%.

On April 5, 2000, Staff Attorney Cassius H. Toon filed a Further Final Joint Staff Memorandum in which Staff corrected a small rounding error made on the minimum bill for the sewer rates which did not change the percentage of the rate increase.

By Order dated April 17, 2000, the District was required to give notice to its customers of the Staff-recommended water and sewer rates by publishing a copy of a Tariff Form No. 10, attached thereto as Appendix A, once a week for two consecutive weeks, in a newspaper duly qualified by the Secretary of State, published and of general circulation in Harrison County. The Tariff Form No. 10 provided that anyone wishing to protest the rate changes must do so within ten days after publication of the notice and further provided that, if no substantial protest is received, the Commission may approve the Staff-recommended rates without a hearing.

On April 21, 2000, Staff filed a Further Joint Staff Memorandum to correct Staff's Final Report for the water operations to include the charge from the last Rule 30B case in the minimum charges.

On April 25, 2000, the District was ordered to publish a corrected Tariff Form No. 10, which included the recent Staff changes to the Staff-recommended water rates.

On May 18, 2000, a protest was submitted to the application on behalf of Michael Gallo, who owns several rental properties and businesses. He is also the Chief of the Reynoldsville Volunteer Fire Department.

On May 22, 2000, a protest was submitted by Ms. Irene Rogers, who owns several rental properties.

On May 25, 2000, a protest was submitted by Mr. and Mrs. Mason A. Bennett.

On May 30, 2000, a petition in protest to the application was submitted containing seventeen (17) individual names which represented twelve households in the District's service area. No other protests were received to the application within the allowed protest period. In total, there are twenty individual names, representing fifteen households and customers of the District, from timely protests.

On June 6, 2000, the District filed proper affidavits of publication reflecting that publication had been made in accordance with the

Commission's requirements in the Clarksburg Telegram, with the latest date of publication being May 12, 2000. Therefore, the protest period expired on May 22, 2000.

On June 8, 2000, Ms. Hazel D. Humphrey filed an untimely protest to the application.

On June 12, 2000, a further untimely protest was filed by Jeffery and Patricia Lowman.

FINDINGS OF FACT

1. On October 15, 1999, the Sun Valley Public Service District filed with the Public Service Commission an application to increase its sewer and water rates and charges, pursuant to Rule 19A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle. (See, Application).

2. On April 3, 2000, Staff Attorney Cassius H. Toon filed the Staff Reports for both the water and sewer increases. Staff recommended an across-the-board increase of 10% for water rates and an across-the-board increase of 55% for the sewer rates. In addition, Staff recommended a 5% salary increase for the District's employees and the obtaining by the District of a loan in the amount of \$27,601.64, to purchase various items of equipment for the District. (See, Staff Reports filed April 3, 2000).

3. The District has 850 water customers and 350 sewer customers, in addition to one industrial customer and approximately 8 commercial customers, for a total of 1,208 customers, which are primarily residential. (See, Staff Reports filed April 3, 2000, pg. 2).

4. By Order dated April 17, 2000, the District was required to give notice of the Staff-recommended rates by publishing a copy of a Tariff Form No. 10, once a week for two consecutive weeks, in a newspaper duly qualified by the Secretary of State, published and of general circulation in Harrison County. The Tariff Form No. 10 provided that anyone wishing to protest the rate changes must do so within ten days of said publication and further provided that, if no substantial protest is received, the Commission may approve the Staff-recommended rates without a hearing. (See, Order dated April 17, 2000).

5. Timely protests were filed to the application by 20 individuals representing 15 household customers of the District. (See, case file generally).

CONCLUSIONS OF LAW

1. Since the District has approximately 1,208 residential customers, timely protests received from only 15 of these customers is not substantial enough to require a hearing in this case.

2. Since the District has given proper notice of the Staff-recommended rates to its customers and there has not been substantial protest to the application, it is reasonable to approve the Staff-recommended rates for use by the Sun Valley Public Service District on and after the date that this Order becomes final.

ORDER

IT IS, THEREFORE, ORDERED that the Staff-recommended water rates and charges, as set forth in Appendix A to this Order, and the Staff-recommended sewer rates and charges, as set forth in Appendix B to this Order, for Sun Valley Public Service District for its customers in Harrison County, be, and the same hereby are, approved to become effective for service rendered on and after the date that this Order becomes final.

IT IS FURTHER ORDERED that the Sun Valley Public Service District be, and the same hereby is, granted approval to obtain a bank loan in the amount of \$27,601.64 at an interest rate of 8.5% for a period of sixty (60) months to be used to purchase the items set forth herein.

IT IS FURTHER ORDERED that Sun Valley Public Service District file with the Commission's Tariff Office an original and at least five (5) copies of a revised tariff reflecting the rates approved herein within thirty (30) days of the date that this Order becomes final.

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
991509ab.wpd

SUN VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 99-1509-PSWD-19A

APPROVED WATER RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for general domestic, commercial, and industrial service.

RATES

First	400 cubic feet	\$4.43 per 100 cubic feet
Next	400 cubic feet	\$4.10 per 100 cubic feet
Next	400 cubic feet	\$3.93 per 100 cubic feet
Next	800 cubic feet	\$3.77 per 100 cubic feet
Next	3,000 cubic feet	\$3.11 per 100 cubic feet
Next	5,000 cubic feet	\$2.74 per 100 cubic feet

OR

First	2,992 gallons	\$5.93 per 1,000 gallons
Next	2,992 gallons	\$5.49 per 1,000 gallons
Next	2,992 gallons	\$5.25 per 1,000 gallons
Next	5,984 gallons	\$5.05 per 1,000 gallons
Next	22,442 gallons	\$4.16 per 1,000 gallons
Over	37,402 gallons	\$3.66 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 17.72
1 inch meter	\$ 44.30
1-1/2 inch meter	\$ 88.60
2 inch meter	\$ 141.76
3 inch meter	\$ 265.80
4 inch meter	\$ 443.00
6 inch meter	\$ 886.00
8 inch meter	\$1,417.60

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, 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.

CONNECTION CHARGE ----- \$300.00

PRIVATE FIRE PROTECTION

Fifty Dollars (\$50.00) per month on all unmetered private fire service connection lines.

RECONNECTION CHARGE ----- \$20.00

INCREMENTAL LEAK ADJUSTMENT

\$1.98 per M. gal. 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 is used to calculate consumption above customer's historical average usage.

SUN VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 99-1509-PSWD-19A

APPROVED SEWER RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for general domestic, commercial, and industrial service.

RATE SCHEDULE

\$6.15 per 100 cubic feet of water used per month, OR
\$8.22 per 1,000 gallons of water used per month

UNMETERED CUSTOMERS ON SEWAGE SYSTEM ONLY

Flat rate of \$36.92 per month (based on 600 cu ft of water usage) OR
Flat rate of \$36.92 per month (based on 4,494 gals of water usage)

MINIMUM CHARGE - PRESENT RATES

The above rate schedule is subject to a minimum monthly charge (metered customer only) as follows:

Based on 267 cubic feet of water usage, OR,

Based on 2,000 gallons of water usage.

All size meters -----\$16.44 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, 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.

CONNECTION CHARGE ----- \$300.00

RECONNECTION CHARGE

There will be a \$20.00 reconnection charge.

WATER DISCONNECT - RECONNECT - ADMINISTRATIVE FEE

Whenever water service has been disconnected for non-payment of sewer bills, in conjunction with a water service termination agreement with the Clarksburg Water Board, a disconnection fee of \$19.10 shall be charged; or in the event a delinquent sewer bill is collected by the Water Company, an administrative fee of \$19.10 shall be charged.

Whenever the water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill is reconnected, in conjunction with a water service termination agreement with Clarksburg Water Board, a fee of \$19.10 shall be charged.

INCREMENTAL LEAK ADJUSTMENT

\$1.01 per M. gal. 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 is used to calculate consumption above customer's historical average usage.



West Virginia Infrastructure & Jobs Development Council

Public Members

James D. Williams, Chairman
St. Albans
William J. Hartman, PE, Vice Chairman
Crafter
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Malloy, PE
Executive Secretary

KMalloy@cwv.com

June 15, 2001

Gary Fluharty, Chairman
Sun Valley Public Service District
P.O. Box 95
Reynoldsville, West Virginia 26422-0095

Re: Binding Commitment Letter-Revision
Wastewater Project 94S-004

Dear Mr. Fluharty:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Sun Valley Public Service District's (the "District") proposed refinancing of the following bonds and notes:

	<u>Original Principal</u>	<u>June 27, 2001</u> <u>Outstanding</u>
1997B Sewer Revenue Bonds (IJDC)	\$300,000	\$ 300,810.00
1997C Sewer Revenue Bonds (CWSRF)	\$300,000	\$ 253,348.02
1997 Sewer System Construction Notes (WDA)	\$385,000	\$ 337,415.13
<u>1998 Sewerage System design Notes (IJDC)</u>	<u>\$142,500</u>	<u>\$ 147,171.29</u>
TOTALS	\$1,127,500	\$1,038,744.44

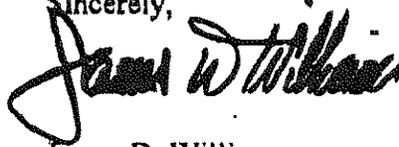
The amount outstanding includes all interest and administrative fees up to and including June 27, 2001. The amount committed not used to pay off loans may be used to pay for costs of issuance.

Mr. Gary Fluharty
June 15, 2001
Page 2

The Council, at its December 6, 2000 voted to revise the binding commitment letter of October 10, 1997 to the District for re-financing its wastewater project. The revised binding commitment is shown on the attached revised Schedule A.

If the District has any questions regarding this commitment, please contact Katy Mallory at (304) 558-4607.

Sincerely,



James D. Williams

JDW/km
Attachments

cc: Mike Johnson, DEP
John Stump, Steptoc & Johnson
Samme Gee, Jackson & Kelly
Bernie Yonkosky, WDA

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return two copies to this office.

Sun Valley Public Service District

By: _____
Chairman

Date: _____

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Sun Valley Public Service District
Wastewater System Project
94S-004
June 15, 2001

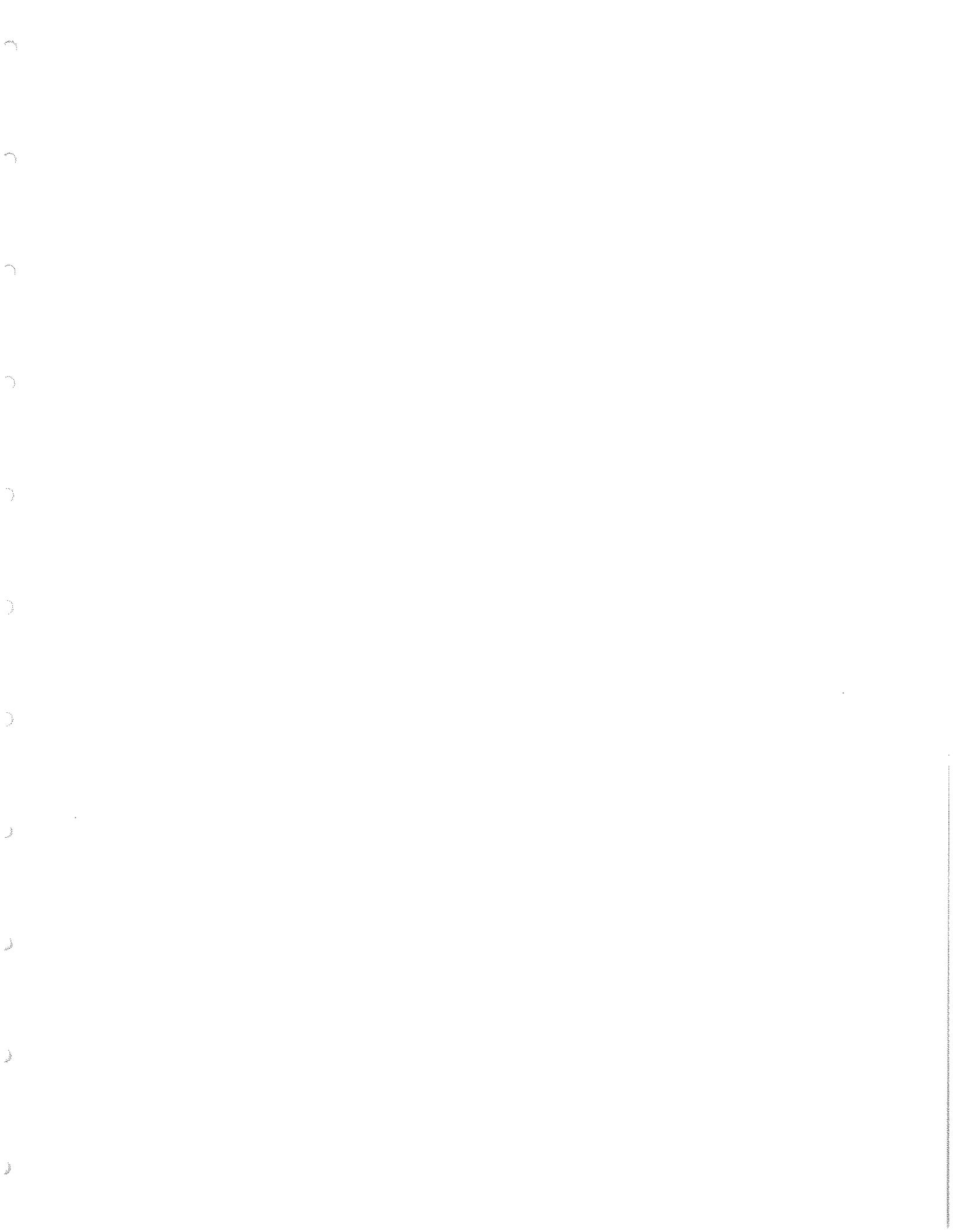
REVISED SCHEDULE A

A. Approximate Amount: \$ 773,405 New Loan
\$ 300,000 Refinance 1997B Sewer Revenue Bonds

Total Loan \$1,073,405

B. Loan:

1. Interest Rate: 0%
2. Maturity Date: December 1, 2038
3. Loan Advancement Date(s) At closing
4. Debt Service Commencement Date: December 1, 2001
5. Special Conditions (if any) None



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 18th day of October, 2001, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the undersigned Chairman of Sun Valley Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

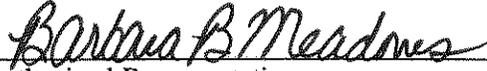
1. On the 18th day of October, 2001, the Authority received the Issuer's Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), numbered AR-1, in the principal amount of \$1,073,405, issued as a single, fully registered Bond, and dated October 18, 2001 (the "Bonds").

2. At the time of such receipt, the 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 Bonds, of the sum of \$1,073,405, being the entire principal amount of the Bonds.

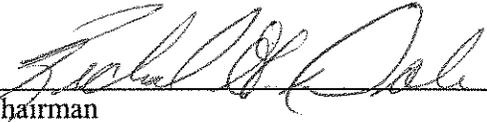
Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY



Authorized Representative

SUN VALLEY PUBLIC SERVICE DISTRICT



Chairman

10/05/01
879900/99001

SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 18th day of October, 2001:

(1) Bond No. AR-1, constituting the entire original issue of Sun Valley Public Service District Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), in the principal amount of \$1,073,405 (the "Bonds"), dated October 18, 2001, executed by the Chairman and Secretary of Sun Valley Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Bond Resolution and Supplemental Resolution, each duly adopted by the Issuer on June 26, 2001, and the Second Supplemental Resolution duly adopted by the Issuer on October 9, 2001 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Bonds, dated October 18, 2001 (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

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

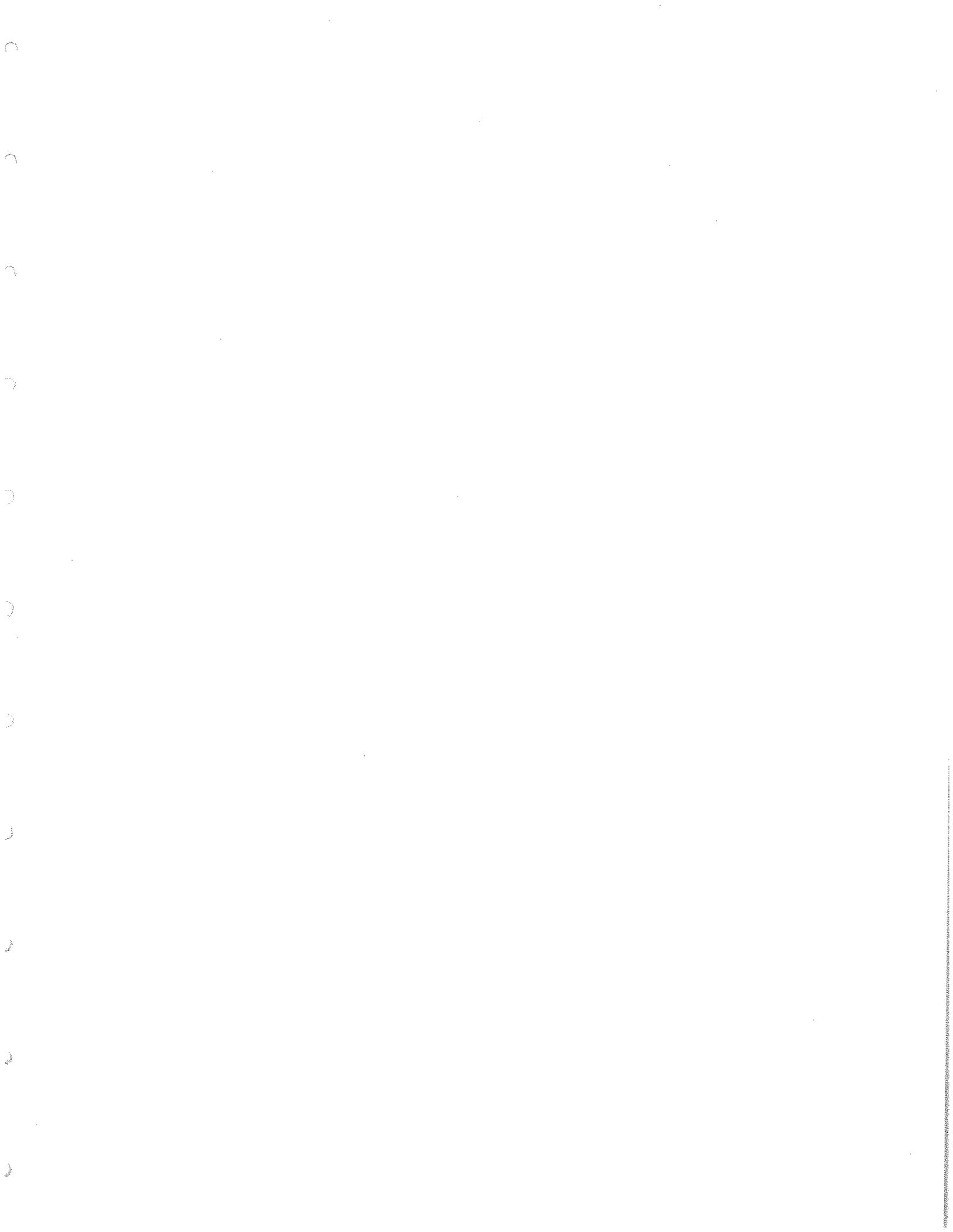
You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$1,073,405, representing the entire principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

SUN VALLEY PUBLIC SERVICE DISTRICT


Chairman

10/08/01
879900/99001



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$1,073,405

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY PUBLIC SERVICE DISTRICT, a 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 ONE MILLION SEVENTY THREE THOUSAND FOUR HUNDRED FIVE DOLLARS (\$1,073,405), 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, 2002, 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 entered into between the Issuer and the Authority, on behalf of the Council, dated October 18, 2001.

This Bond is issued to refund the Issuer's (i) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), (ii) Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), (iii) Sewerage System Construction Notes, Series 1997, and (iv) Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), heretofore issued to pay a portion of the costs of design, acquisition and construction of public sewerage facilities of the Issuer (the "System"); and to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the

authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution and Supplemental Resolution duly adopted by the Issuer on June 26, 2001, and a Second Supplemental Resolution duly adopted by the Issuer on October 9, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND) (THE "SERIES 1997 A 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 Series 1997 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 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 Series 1997 A Bonds; provided however, that so long as there exists in the Series 2001 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 Series 1997 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as

provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), 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 shall be applied solely for the purposes described above and in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, SUN VALLEY 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 October 18, 2001.

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: October 18, 2001.

BRANCH BANKING AND TRUST COMPANY
as Registrar

Charles H. ...
Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$1,073,405	10/18/01	(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	\$1,073,405	

EXHIBIT B

Sun Valley Public Service District, West Virginia
Loan of \$1,073,405 (\$773,405 New Money & \$300,000 to Refinance Series 1997B)
 37 Years, 0% Interest Rate
 Closing Date: October 18, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2001	-	-	-
3/01/2002	-	-	7,303.00
6/01/2002	7,303.00	-	7,303.00
9/01/2002	7,303.00	-	7,303.00
12/01/2002	7,303.00	-	7,303.00
3/01/2003	7,303.00	-	7,303.00
6/01/2003	7,303.00	-	7,303.00
9/01/2003	7,303.00	-	7,303.00
12/01/2003	7,303.00	-	7,303.00
3/01/2004	7,303.00	-	7,303.00
6/01/2004	7,303.00	-	7,303.00
9/01/2004	7,303.00	-	7,303.00
12/01/2004	7,303.00	-	7,303.00
3/01/2005	7,302.00	-	7,302.00
6/01/2005	7,302.00	-	7,302.00
9/01/2005	7,302.00	-	7,302.00
12/01/2005	7,302.00	-	7,302.00
3/01/2006	7,302.00	-	7,302.00
6/01/2006	7,302.00	-	7,302.00
9/01/2006	7,302.00	-	7,302.00
12/01/2006	7,302.00	-	7,302.00
3/01/2007	7,302.00	-	7,302.00
6/01/2007	7,302.00	-	7,302.00
9/01/2007	7,302.00	-	7,302.00
12/01/2007	7,302.00	-	7,302.00
3/01/2008	7,302.00	-	7,302.00
6/01/2008	7,302.00	-	7,302.00
9/01/2008	7,302.00	-	7,302.00
12/01/2008	7,302.00	-	7,302.00
3/01/2009	7,302.00	-	7,302.00
6/01/2009	7,302.00	-	7,302.00
9/01/2009	7,302.00	-	7,302.00
12/01/2009	7,302.00	-	7,302.00
3/01/2010	7,302.00	-	7,302.00
6/01/2010	7,302.00	-	7,302.00
9/01/2010	7,302.00	-	7,302.00
12/01/2010	7,302.00	-	7,302.00
3/01/2011	7,302.00	-	7,302.00
6/01/2011	7,302.00	-	7,302.00
9/01/2011	7,302.00	-	7,302.00
12/01/2011	7,302.00	-	7,302.00
3/01/2012	7,302.00	-	7,302.00
6/01/2012	7,302.00	-	7,302.00
9/01/2012	7,302.00	-	7,302.00
12/01/2012	7,302.00	-	7,302.00
3/01/2013	7,302.00	-	7,302.00
6/01/2013	7,302.00	-	7,302.00
9/01/2013	7,302.00	-	7,302.00
12/01/2013	7,302.00	-	7,302.00
3/01/2014	7,302.00	-	7,302.00

Sun Valley Public Service District, West Virginia
Loan of \$1,073,405 (\$773,405 New Money & \$300,000 to Refinance Series 1997B)
37 Years, 0% Interest Rate
Closing Date: October 18, 2001.

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	7,302.00	-	7,302.00
9/01/2014	7,302.00	-	7,302.00
12/01/2014	7,302.00	-	7,302.00
3/01/2015	7,302.00	-	7,302.00
6/01/2015	7,302.00	-	7,302.00
9/01/2015	7,302.00	-	7,302.00
12/01/2015	7,302.00	-	7,302.00
3/01/2016	7,302.00	-	7,302.00
6/01/2016	7,302.00	-	7,302.00
9/01/2016	7,302.00	-	7,302.00
12/01/2016	7,302.00	-	7,302.00
3/01/2017	7,302.00	-	7,302.00
6/01/2017	7,302.00	-	7,302.00
9/01/2017	7,302.00	-	7,302.00
12/01/2017	7,302.00	-	7,302.00
3/01/2018	7,302.00	-	7,302.00
6/01/2018	7,302.00	-	7,302.00
9/01/2018	7,302.00	-	7,302.00
12/01/2018	7,302.00	-	7,302.00
3/01/2019	7,302.00	-	7,302.00
6/01/2019	7,302.00	-	7,302.00
9/01/2019	7,302.00	-	7,302.00
12/01/2019	7,302.00	-	7,302.00
3/01/2020	7,302.00	-	7,302.00
6/01/2020	7,302.00	-	7,302.00
9/01/2020	7,302.00	-	7,302.00
12/01/2020	7,302.00	-	7,302.00
3/01/2021	7,302.00	-	7,302.00
6/01/2021	7,302.00	-	7,302.00
9/01/2021	7,302.00	-	7,302.00
12/01/2021	7,302.00	-	7,302.00
3/01/2022	7,302.00	-	7,302.00
6/01/2022	7,302.00	-	7,302.00
9/01/2022	7,302.00	-	7,302.00
12/01/2022	7,302.00	-	7,302.00
3/01/2023	7,302.00	-	7,302.00
6/01/2023	7,302.00	-	7,302.00
9/01/2023	7,302.00	-	7,302.00
12/01/2023	7,302.00	-	7,302.00
3/01/2024	7,302.00	-	7,302.00
6/01/2024	7,302.00	-	7,302.00
9/01/2024	7,302.00	-	7,302.00
12/01/2024	7,302.00	-	7,302.00
3/01/2025	7,302.00	-	7,302.00
6/01/2025	7,302.00	-	7,302.00
9/01/2025	7,302.00	-	7,302.00
12/01/2025	7,302.00	-	7,302.00
3/01/2026	7,302.00	-	7,302.00
6/01/2026	7,302.00	-	7,302.00
9/01/2026	7,302.00	-	7,302.00

Sun Valley Public Service District, West Virginia
Loan of \$1,073,405 (\$773,405 New Money & \$300,000 to Refinance Series 1997B)
37 Years, 0% Interest Rate
Closing Date: October 18, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2025	7,302.00	-	7,302.00
3/01/2027	7,302.00	-	7,302.00
6/01/2027	7,302.00	-	7,302.00
9/01/2027	7,302.00	-	7,302.00
12/01/2027	7,302.00	-	7,302.00
3/01/2028	7,302.00	-	7,302.00
6/01/2028	7,302.00	-	7,302.00
9/01/2028	7,302.00	-	7,302.00
12/01/2028	7,302.00	-	7,302.00
3/01/2029	7,302.00	-	7,302.00
6/01/2029	7,302.00	-	7,302.00
9/01/2029	7,302.00	-	7,302.00
12/01/2029	7,302.00	-	7,302.00
3/01/2030	7,302.00	-	7,302.00
6/01/2030	7,302.00	-	7,302.00
9/01/2030	7,302.00	-	7,302.00
12/01/2030	7,302.00	-	7,302.00
3/01/2031	7,302.00	-	7,302.00
6/01/2031	7,302.00	-	7,302.00
9/01/2031	7,302.00	-	7,302.00
12/01/2031	7,302.00	-	7,302.00
3/01/2032	7,302.00	-	7,302.00
6/01/2032	7,302.00	-	7,302.00
9/01/2032	7,302.00	-	7,302.00
12/01/2032	7,302.00	-	7,302.00
3/01/2033	7,302.00	-	7,302.00
6/01/2033	7,302.00	-	7,302.00
9/01/2033	7,302.00	-	7,302.00
12/01/2033	7,302.00	-	7,302.00
3/01/2034	7,302.00	-	7,302.00
6/01/2034	7,302.00	-	7,302.00
9/01/2034	7,302.00	-	7,302.00
12/01/2034	7,302.00	-	7,302.00
3/01/2035	7,302.00	-	7,302.00
6/01/2035	7,302.00	-	7,302.00
9/01/2035	7,302.00	-	7,302.00
12/01/2035	7,302.00	-	7,302.00
3/01/2036	7,302.00	-	7,302.00
6/01/2036	7,302.00	-	7,302.00
9/01/2036	7,302.00	-	7,302.00
12/01/2036	7,302.00	-	7,302.00
3/01/2037	7,302.00	-	7,302.00
6/01/2037	7,302.00	-	7,302.00
9/01/2037	7,302.00	-	7,302.00
12/01/2037	7,302.00	-	7,302.00
3/01/2038	7,302.00	-	7,302.00
6/01/2038	7,302.00	-	7,302.00
9/01/2038	7,302.00	-	7,302.00
12/01/2038	7,302.00	-	7,302.00
Total	1,073,405.00	-	1,073,405.00

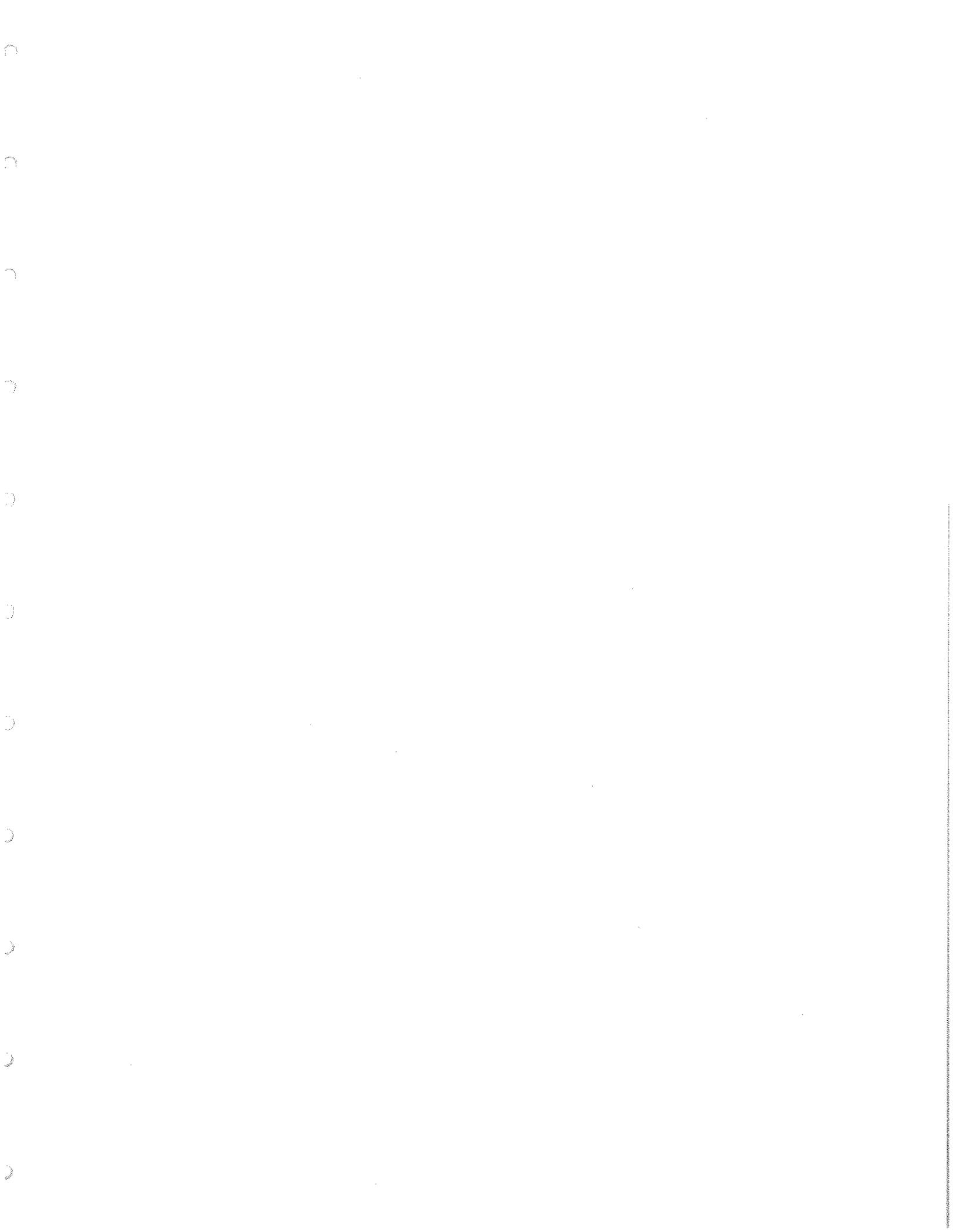
ASSIGNMENT

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:

10/08/01
879900.99001



October 18, 2001

Sun Valley Public Service District
Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

Sun Valley Public Service District
Reynoldsville, 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 Sun Valley 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 \$1,073,405 Sewer Refunding Revenue Bonds, Series 2001 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 October 18, 2001, 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 to the Authority, with no interest and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and maturing December 1, 2038, 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 refunding the Issuer's (i) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), (ii) Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), (iii) Sewerage System Construction Notes, Series 1997, and (iv) Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds"), heretofore issued to pay a portion of the costs of design, acquisition and

construction of public sewerage facilities of the Issuer (the "System"); and to pay certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 26, 2001, as supplemented by a First Supplemental Resolution and a Second Supplemental Resolution duly adopted by the Issuer on June 26, 2001 and October 9, 2001, respectively, (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.

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 operate and maintain the System, to adopt the Bond Legislation, to refund the Prior Bonds 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 so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer, are in full force and effect as of the date hereof 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 outstanding Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), all in accordance with the terms of the Bonds and the Bond Legislation.

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

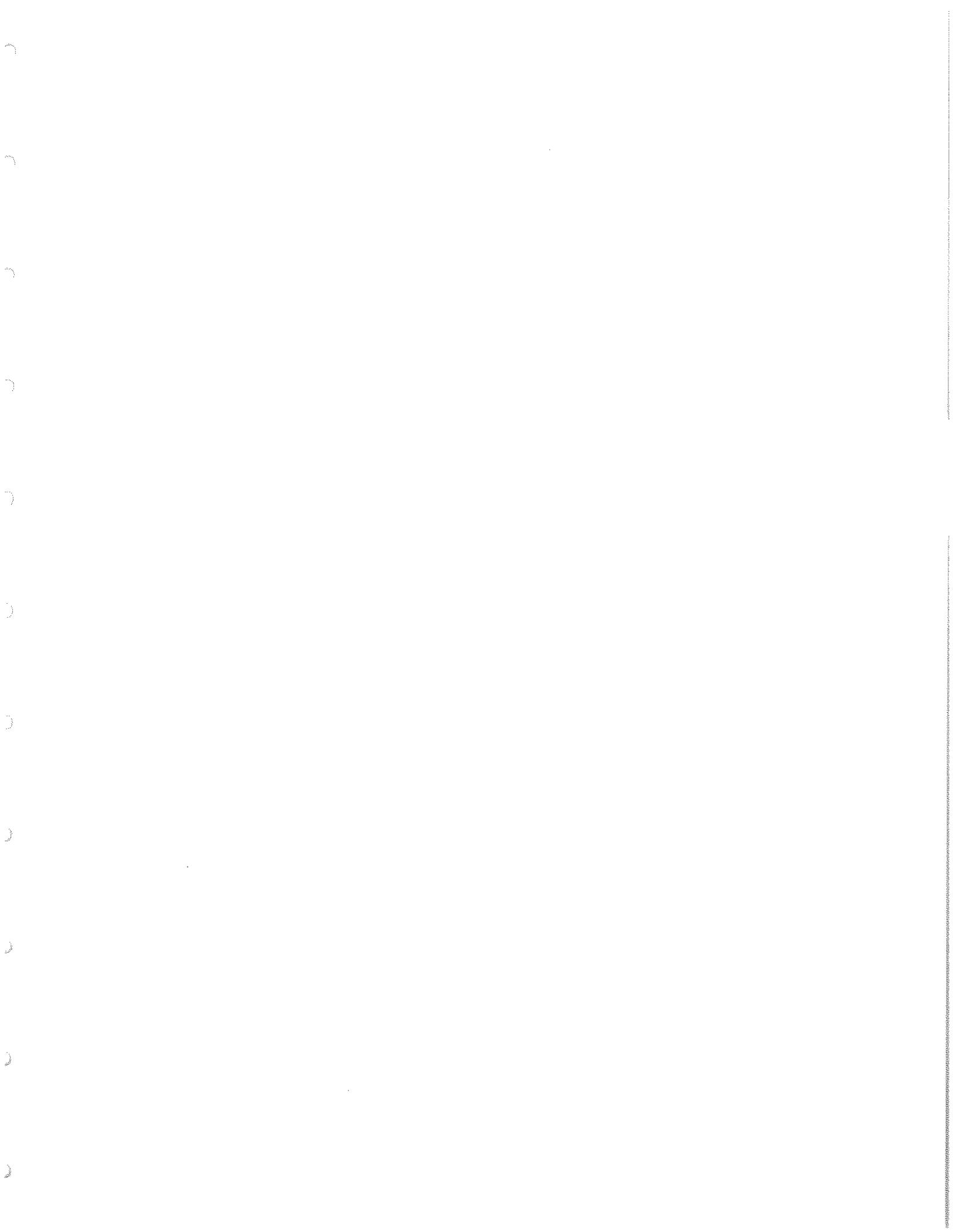
6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal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


STEPTOE & JOHNSON PLLC



LAW OFFICES
WEST & JONES

360 WASHINGTON AVENUE

P.O. Box 2348

CLARKSBURG, WEST VIRGINIA 26302-2348

October 18, 2001

JAMES C. WEST, JR.
JERALD E. JONES
DEAN C. RAMSEY
LEWIS A. CLARK
NORMAN T. FARLEY

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FAX (304) 624-4454
E mail: Westandjones@aol.com

Sun Valley Public Service District
Reynoldsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson, PLLC
Clarksburg, West Virginia

Re: Sun Valley Public Service District
Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We are counsel to Sun Valley 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 dated October 18, 2001, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on June 26, 2001, as supplemented by the First Supplemental Resolution and Second Supplemental Resolution duly adopted by the Issuer on June 26, 2001, and October 9, 2001, respectively, (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 (the "Bonds"). 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.

Sun Valley Public Service District
West Virginia Water Development Authority
West Virginia Infrastructure and Jobs Development Council
Steptoe & Johnson, PLLC
October 18, 2001
Page two

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, constitute 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 and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms.
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 operation of the system and the imposition of rates and charges for use of the System, including,

Sun Valley Public Service District
West Virginia Water Development Authority
West Virginia Infrastructure and Jobs Development Council
Steptoe & Johnson, PLLC
October 18, 2001
Page three

without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Harrison County 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 time for appeal of the Orders of the Public Service Commission of West Virginia entered on May 15, 2001, May 29, 2001, June 21, 2001, and August 24, 2001, in Case No. 99-1509-PSWD-19A, among other things, approving this financing and the necessary user rates and charges, has expired prior to the date hereof without any appeal. All such orders are in full force and effect.

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

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

Sincerely yours,

WEST & JONES

By: 
Norman T. Farley

NTF:ss



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
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. LOAN AGREEMENT
10. RATES
11. PUBLIC SERVICE COMMISSION ORDER
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. SPECIMEN BOND
15. CONFLICT OF INTEREST
16. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Sun Valley Public Service District in Harrison County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the Issuer's \$1,073,405 Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2001 A 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 set forth in the Bond Resolution and First Supplemental Resolution of the Issuer each duly adopted June 26, 2001, and the Second Supplemental Resolution of the Issuer duly adopted October 9, 2001 (collectively, the "Bond Legislation"), when used herein.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the operation of the System, the receipt of 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 operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues or the pledge thereof.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for 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.

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 operate the System.

The Series 2001 A Bonds shall be issued on a parity as to liens, pledge and source of and security for payment with the Series 1997 A Bonds. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Series 1997 A Bonds have been met; and (ii) the written consent of the Holder of the Series 1997 A Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1997 A Bonds. Other than the Series 1997 A Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Resolution

First Supplemental Resolution

Second Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders Creating and Enlarging District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and First Supplemental Resolution

Minutes on Adoption of Second Supplemental Resolution

1997 Bond Resolution and Supplemental Resolution

Consent of Holder of Series 1997 A Bonds

Receipt for Payment of Series 1997 B Bonds

Receipt for Payment of Series 1997 C Bonds

Receipt for Payment of Series 1997 Notes

Receipt for Payment of Series 1998 Notes

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Sun Valley Public Service District." The Issuer is a public service district and public corporation 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 three duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Emma M. Clevenger	June 26, 1997	June 26, 2003
Sandra Patterson	September 10, 2001	September 10, 2007
Richard Gregory Dale	January 11, 2001	January 11, 2007

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2001 are as follows:

Chairman	-	Richard Gregory Dale
Secretary	-	Emma M. Clevenger
Treasurer	-	Sandra Patterson

The duly appointed and acting counsel to the Issuer is West & Jones, in Clarksburg, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for 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 operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, 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. **LOAN AGREEMENT:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are 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.

10. **RATES:** The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on May 15, 2001, and August 24, 2001, in Case No. 99-1509-PSWD-19A, 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 Orders has expired prior to the date hereof without any appeal. Such Orders remain in full force and effect.

11. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Orders of the Public Service Commission of West Virginia entered on May 29, 2001, and June 21, 2001, in Case No. 99-1509-PSWD-19A, among other things, approving this financing. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Orders remain in full force and effect.

12. **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 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 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.

13. **BOND PROCEEDS:** On the date hereof, the Issuer received from the Authority and the Council, the sum of \$1,073,405, being the entire principal amount of the Bonds.

14. **SPECIMEN BOND:** Delivered concurrently herewith is a true and accurate specimen of the Bonds.

15. **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, 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.

16. **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.

limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

WITNESS our signatures and the official seal of SUN VALLEY PUBLIC SERVICE DISTRICT on this 18th day of October, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



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

Chairman



A handwritten signature in cursive script, appearing to read "Emma Cleary", is written over a horizontal line.

Secretary



A solid horizontal line intended for a signature.

Counsel to Issuer

10/08/01
879900/99001

WITNESS our signatures and the official seal of SUN VALLEY PUBLIC SERVICE DISTRICT on this 18th day of October, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Chairman

Secretary

_____

Counsel to Issuer

10/12/01
879900/99001



Smith & Denny

—CERTIFIED PUBLIC ACCOUNTANTS—

248 East Main Street
Clarksburg, West Virginia 26301

Telephone: (304) 624-9400
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JAMES D. SMITH, JR., CPA
JAMES E. DENNY, CPA
MICHAEL G. ALASTANOS, CPA
C. JEFFREY ALASTANOS, CPA

MEMBERS OF
WV SOCIETY OF CPAS
AICPA - TAX DIVISION
AICPA - PCPS

October 18, 2001

Sun Valley Public Service District
Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

Sun Valley Public Service District
Reynoldsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

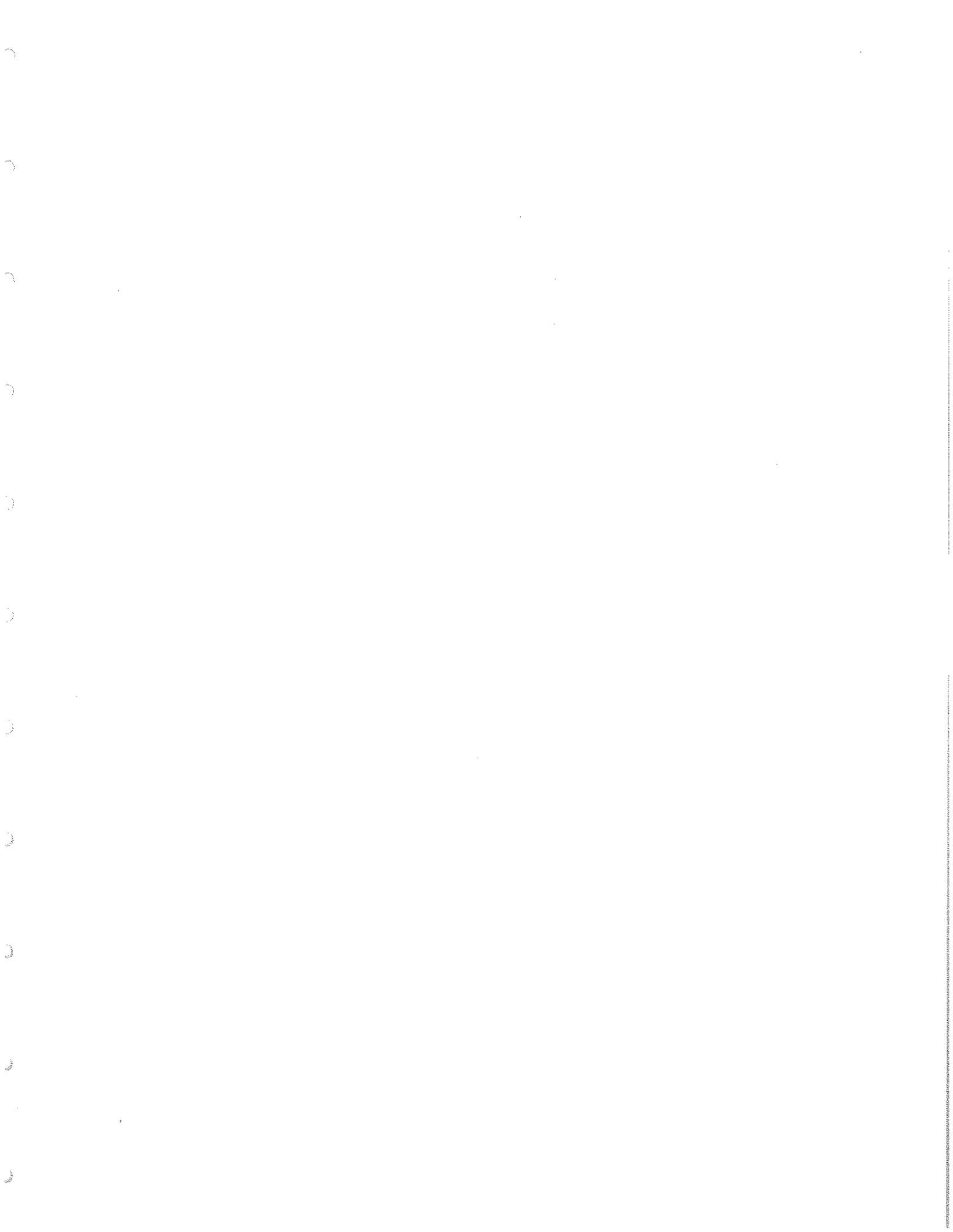
Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Orders of the Public Service Commission of West Virginia in Case No. 99-1509-PSWD-19A, entered May 15, 2001 and August 24, 2001, and the current operation and maintenance expenses and customer usage as furnished to us by Sun Valley 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 sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued on the date hereof to the West Virginia Water Development Authority and all other obligations secured by or payable from revenues of the System, on a parity with the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1997 A (the "Prior Bonds"). It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding that date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the issuance of the Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Smith & Denny

Smith & Denny, CPA's



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Sun Valley Public Service District in Harrison County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,073,405 Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated October 18, 2001 (the "Bonds" or the "Series 2001 A Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution and First Supplemental Resolution each duly adopted by the Issuer on June 26, 2001, and the Second Supplemental Resolution duly adopted by the Issuer on October 9, 2001 (collectively, the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 18, 2001, the date on which the Bonds are being physically delivered in exchange for \$1,073,405, being the entire principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2001 A Bonds were sold on October 18, 2001, to the Authority, pursuant to a loan agreement dated October 18, 2001, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$1,073,405 (100% of par), at which time, the Issuer received \$1,073,405 from the Authority and the Council, being the entire principal amount of the Bonds. No accrued interest has been or will be paid on the Bonds.

6. The Series 2001 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of refunding the Issuer's (i) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), (ii) Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), (iii) Sewerage System Construction Notes, Series 1997, and (iv) Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), heretofore issued to pay a portion of the costs of design, acquisition and construction of public sewerage facilities of the Issuer (the "System"); and for paying certain costs of issuance of the Bonds and related costs.

7. The total cost of the Project financed from the proceeds of the Bonds described below is estimated at \$1,073,405. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Bonds	<u>\$1,073,405.00</u>
Total Sources	<u>\$1,073,405.00</u>

USES

Refund Series 1997 B Bonds	\$300,810.00
Refund Series 1997 C Bonds	248,304.57
Refund Series 1997 Notes	342,781.70
Refund Series 1998 Notes	147,171.29
Costs of Issuance	<u>34,337.44</u>
Total Uses	<u>\$1,073,405.00</u>

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2001 A Bonds Sinking Fund; and
- (4) Series 2001 A Bonds Reserve Account.

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

(1) Series 2001 A Bond proceeds in the amount of \$300,810 will be deposited in the Series 1997 B Bonds Sinking Fund to pay in full the entire principal amount of and all interest accrued on the Series 1997 B Bonds on the date hereof, which totals \$300,000, and a fee of the West Virginia Municipal Bond Commission in the amount of \$810.00 (see Exhibit A attached hereto).

(2) Series 2001 A Bond proceeds in the amount of \$248,304.57 will be deposited in the Series 1997 C Bonds Sinking Fund to pay in full the entire principal amount of, all interest accrued on and the administrative fee for the Series 1997 C Bonds on the date hereof, which totals \$255,232.03, and a fee of the West Virginia Municipal Bond Commission in the amount of \$923.02 (see Exhibit A attached hereto).

(3) Series 2001 A Bonds proceeds in the amount of \$342,781.70 will be deposited in the Series 1997 Notes Payment Fund to pay in full the entire principal amount of and all interest accrued on the Series 1997 Notes on the date hereof, which totals \$341,858.68, and a fee of the West Virginia Municipal Bond Commission in the amount of \$923.02 (see Exhibit A attached hereto).

(4) Series 2001 A Bonds proceeds in the amount of \$147,171.29 will be deposited in the Series 1998 Notes Payment Fund to pay in full the entire principal amount of, all interest accrued on and the administrative fee for the Series 1998 Notes on the date hereof, which totals \$146,775.00, and a fee of the West Virginia Municipal Bond Commission in the amount of \$396.29 (see Exhibit A attached hereto).

(5) Series 2001 A Bonds proceeds in the amount of \$34,337.44 will be used to pay all costs of issuance of the Series 2001 A Bonds.

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

11. 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.

12. 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.

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

14. 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.

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

16. 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.

17. The Bonds are not federally guaranteed.

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

19. The Issuer has either (a) funded the Series 2001 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 2001 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2001 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

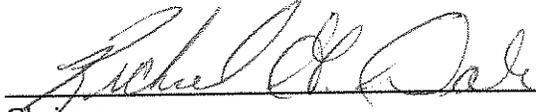
21. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

22. 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.

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

WITNESS my signature on this 18th day of October, 2001.

SUN VALLEY PUBLIC SERVICE DISTRICT



Chairman

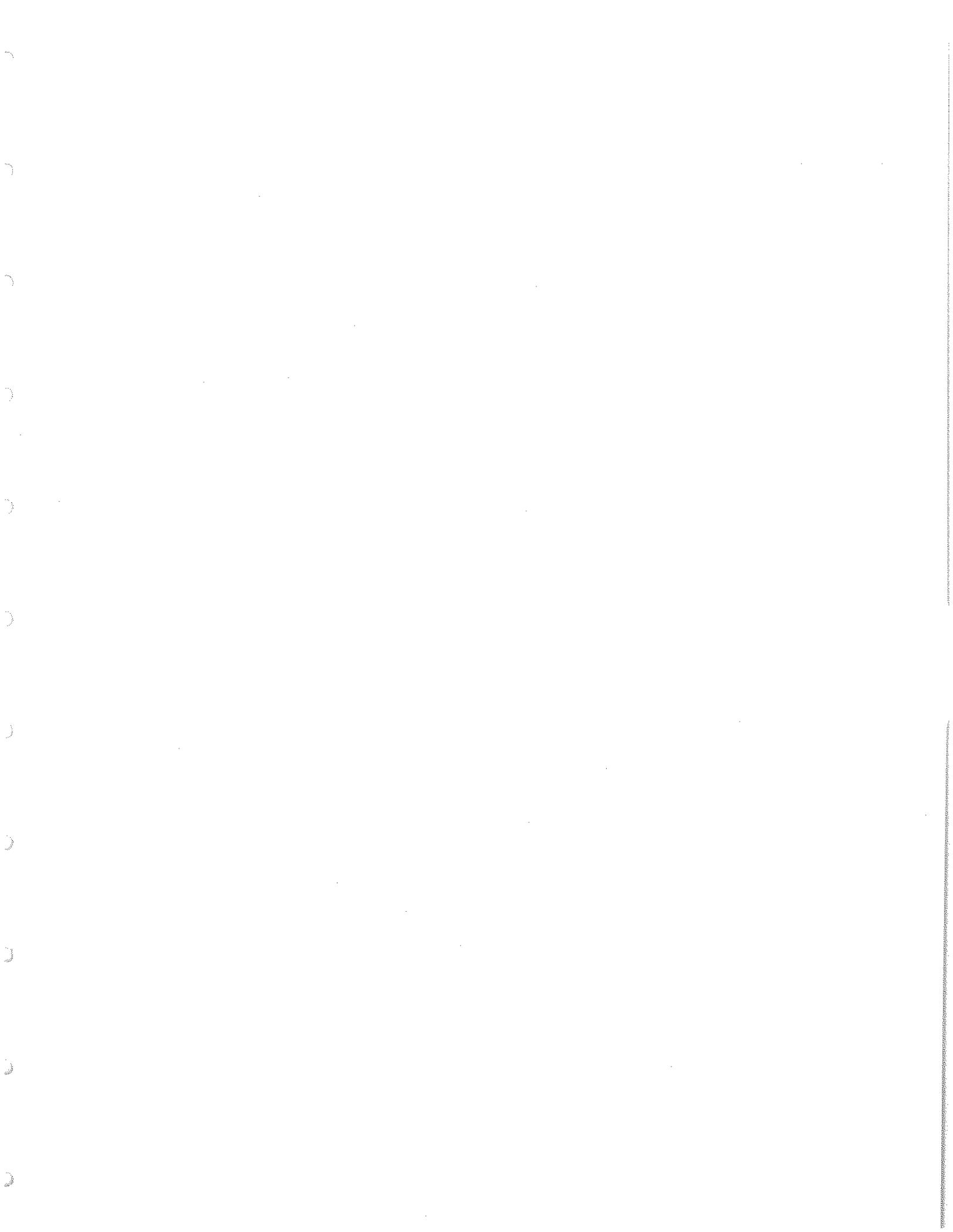
10/08/01
879900/99001

WV Municipal Bond Commission
 6 Capitol Street, Ste-500
 Charleston, WV 25301
 (304) 558-3971

Attn: John Stump
 cc: Bernie, WDA

EXHIBIT A

	Int Rate	October 18, 2001 Pay-off			MBC Fee for Pay-off 0.27%	Pay-off Requirement	Rev & Res MBC 9/28 Balance
		Principal	Interest	Admin Fee			
Sun Valley PSD 87-A Sewer Revenue		not called, Infrastructure loan					
Sun Valley PSD 87-B Sewer Revenue - UMS	1%	300,000.00	-		610.00	300,810.00	
Sun Valley PSD 97-C Sewer Revenue - PEF	0%	255,000.00		232.03	689.13	255,921.16	7,616.59
Sun Valley PSD 97-D S Construct Note - MSA	6.25%	277,731.31	64,127.37		923.02	342,781.70	
Sun Valley PSD 98 Sewer Design Notes - UMS	0%	142,500.00		4,275.00	398.29	147,171.29	
Total				1,043,865.71	2,818.44	1,046,684.15	7,616.59



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm was engineer for the acquisition and construction of a new public sewerage system (the "Project") for Sun Valley Public Service District (the "Issuer") constructed in Harrison County, West Virginia. The acquisition and construction of the Project were financed in part with the proceeds of the Issuer's Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund) (the "Series 1997 A Bonds"), Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund) (the "Series 1997 B Bonds") and Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program) (the "Series 1997 C Bonds"), all issued on April 10, 1997, in the respective aggregate principal amounts of \$835,000, \$300,000 and \$300,000, and the Issuer's Sewerage System Construction Notes, Series 1997 (West Virginia Water Development Authority) (the "Series 1997 Notes"), issued on November 24, 1997, in the aggregate principal amount of \$385,000. My firm is also engineer for the design of certain additional improvements and extensions to the public sewerage system of the Issuer which design has been paid for in part with the proceeds of the Issuer's Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (the "Series 1998 Notes"), issued on February 23, 1998, in the aggregate principal amount of \$142,500.

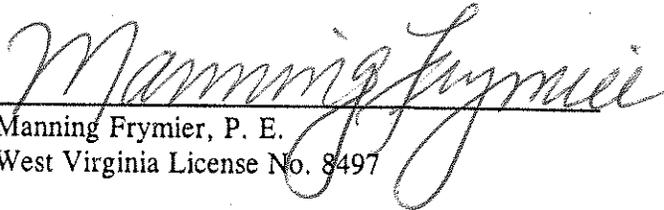
2. We understand that the Issuer plans to issue its Sewer Revenue Bonds, Series 2001 A (the "Bonds") for the purposes of (i) paying the costs of refunding the Series 1997 B Bonds, the Series 1997 C Bonds, the Series 1997 Notes and the Series 1998 Notes; and (ii) paying costs of issuance and related costs.

3. To the best of our knowledge, information and belief the Project, as constructed, is adequate for its intended purpose and has a useful life of at least forty years from the date hereof, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear.

WITNESS my signature and seal on this 18th day of October, 2001.

CERRONE ASSOCIATES, INC.

(SEAL)


Manning Frymier, P. E.
West Virginia License No. 8497

10/15/01
879900.99001

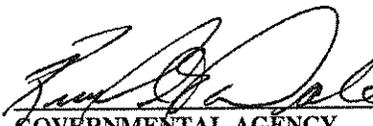
CH478806.1

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
Schedule B

Sun Valley Public Service District
Sewer Refunding Revenue Bonds, Series 2001 A

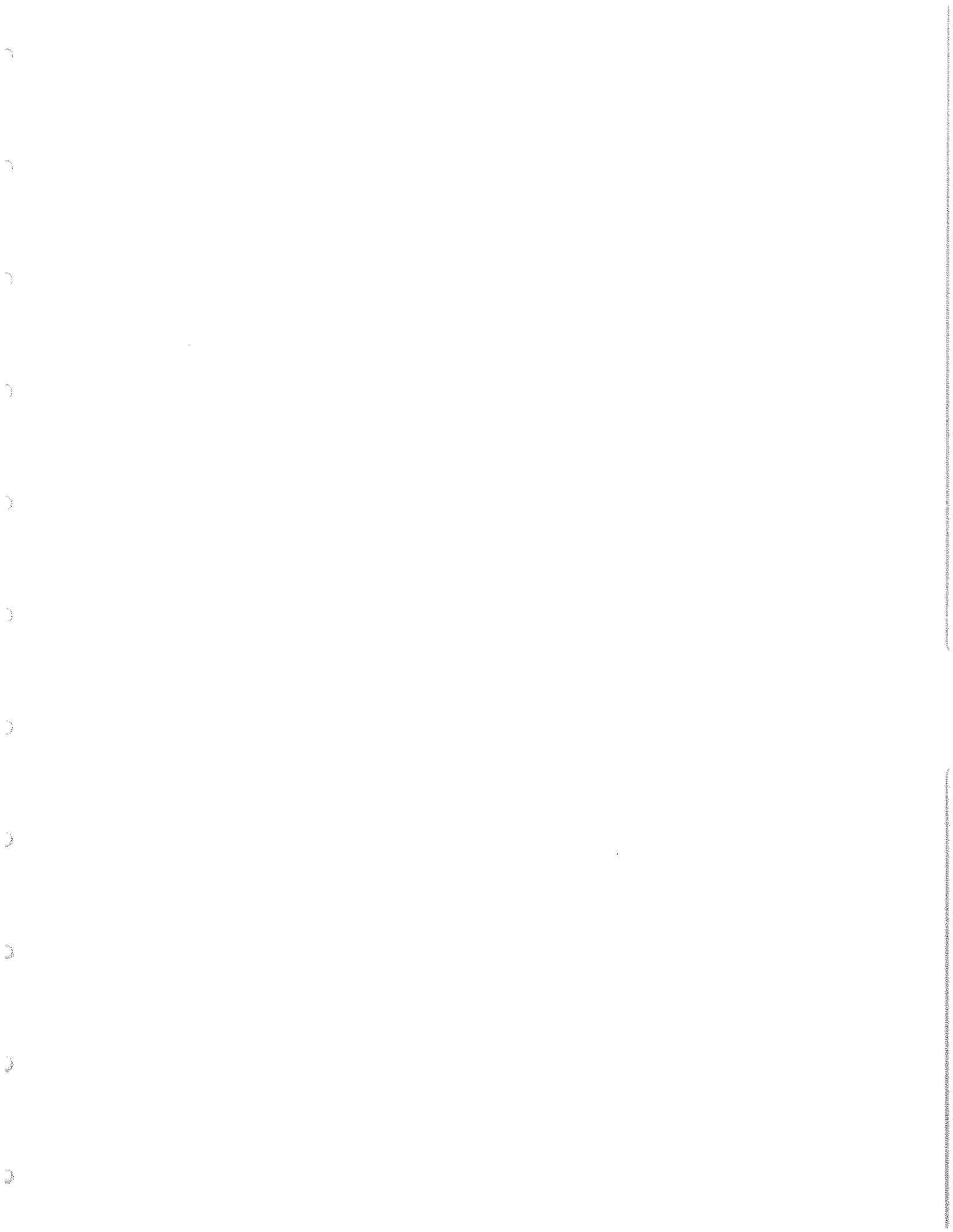
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	IJDC	[Project Sponsor]
1. Refund Prior Bonds	1,039,067.56		
a. Series 1997 B		300,810.00	
b. Series 1997 C		248,304.57	
c. Series 1997 D		342,781.70	
d. Series 1998		147,171.29	
2. Engineer Fees			
3. Legal	3,029.50	3,029.50	
4. Administration			
5. Site and Other Lands			
6. Contingency			
7. Total Lines 1 through 6			
B. Sources of Funds			
8. Local			
9. Net Proceeds Required from Bond Issue (Line 7 minus Line 8)	1,042,097.06		
C. Cost of Financing			
10. Other Costs			
a. Bond Counsel		30,507.94	
b. Accountant		550.00	
c. Registrar		250.00	
11. Total Cost of Financing (Line 10a and 10c)	31,307.94		
12. Size of Bond Issue (Line 9 plus Line 11)	1,073,405.00	1,073,405.00	



 GOVERNMENTAL AGENCY

Date: October 18, 2001
 10/09/01



(Court, now)

At a Regular Term of the County Commission of Harrison County,
West Virginia, continued and held at the Courthouse thereof, on the
7 day of March, 19 62, Commissioners
Dewey Belknap and Benjamin B. Stout

being present thereat, the following order was made and entered, to-wit:

Sun Valley Public Service District

The Court, all its members being present and voting, does hereby unanimously adopt the following order on its own motion upon good cause being shown therefor:

BE IT RESOLVED AND ORDERED, that on the 7th day of March, 1962, pursuant to West Virginia Code, Chapter 16, Article 13A, as amended, the County Court of Harrison County does hereby propose the creation of a public service district, the name of which shall be "Sun Valley Public Service District."

1. The territory to be embraced in said public service district shall be that embraced within the following boundaries:

Beginning at a point at the corporate limits of the City of Clarksburg, County of Harrison, State of West Virginia, 300 feet in a southerly direction from the point where the southerly edge of United States Route No. 50 intersects the westerly corporate limits of said City of Clarksburg, near or at the junction of United States Routes Nos. 50 and 19, and running thence generally in a westerly direction along a line 300 feet in a southerly direction from said Route 50 and parallel with said Route No. 50 to a point 300 feet west of West Virginia Route No. 33 and 300 feet south of said Route No. 50; thence in a northerly direction 600 feet on a line perpendicular to said Route No. 50 to a point; thence with a line 300 feet in a northerly direction from West Virginia Route No. 11 and parallel with said Route No. 11 to a point where said Route No. 11 takes an abrupt turn eastward, which point is about 1/4 mile in a northeasterly direction from the intersection of Simpson Fork by said Route No. 50, near the present warehouse of Hope Natural Gas Company; thence with the northerly edge of the right-of-way of said Route No. 11 and with the corporate limits of the City of Clarksburg to the place of beginning, all situate in Clark, Coal and Termile Districts of said Harrison County and including within said described boundaries the unincorporated Communities of Sun Valley, Wolf Summit, Reynoldsville and Wilsonburg, as shown upon a plat made by Horner Bros. Engineers entitled "Plat of Sun Valley Public Service District, Termile, Clark and Coal Districts, Harrison Co., W. Va.", which plat has been inspected by the Court, but excluding the warehouse and shop properties of Hope Natural Gas Company at or near the place in Clark District where said Route No. 50 is intersected by said Route No. 11.

2. The purposes of said public service district shall be to construct, maintain, operate, improve and extend water and sewerage services and facilities within and without the territory to the extent permitted by law.

3. The territory above-described does not include within its limits the territory of any other public service district organized under the laws hereinbefore referred to and does not include any city, incorporated town or other municipal corporation.

4. There shall be a public hearing before this Court on March 28th, 1962, at 10:00 a.m. upon the proposed creation of said public service district, at which hearing all persons residing within or owning or having any interest in property in such public service district shall have an opportunity to be heard for and against such creation, and this Court shall at such hearing consider and determine the feasibility and desirability of the creation of said public service district and shall adopt such resolutions and orders as may be proper.

5. The Clerk of this Court shall cause notice of such hearing and the time and

place thereof, including the above description of the territory proposed to be included within such public service district, to be given by publication once in a newspaper published and of general circulation in Harrison County at least ten days prior to such hearing

It is ordered that this Court be now adjourned until to-morrow morning at 10:00 o'clock.

Benjamin R. Rouse, Presid

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. 41 at Page 254, of said records.

Given under my hand and Seal of said Office this 7 day of March, 1997



Clerk, Harrison County Commission

At a Regular Term of the County Commission of Harrison County, West Virginia, continued and held at the Courthouse thereof, on the 28 day of March, 19 62, Commissioners Brent Rittenhouse, Dewey Belknap and Benjamin B. Stout being present thereat, the following order was made and entered, to-wit:

SUN VALLEY PUBLIC SERVICE DISTRICT

Clark District

At a regular term of the County Court of Harrison County, continued and held at the courthouse of said County, Brent Rittenhouse, Benjamin B. Stout and Dewey Belknap being present thereat, on the 28th day of March, 1962, being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Sun Valley Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on March 7, 1962, the President announced that due publication of notice of such public hearing, in accordance with said order, had been made in The Clarksburg Telegram on March 8, 1962, as appears from a certificate of publication tendered to the County Court and now filed herein, such notice stating that all persons residing in or owning or having any interest in property in such proposed Public Service District desiring to be heard for or against the creation of said District would be heard. All such interested persons desiring to be heard were given full opportunity at the hearing held on this date, and a number of such persons testified in favor of such creation, and non in opposition thereto.

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
Sun Valley Public Service
District in Clark, Coal and
Termile Districts in Harrison
County, West Virginia.

WHEREAS, the County Court of Harrison County, West Virginia, did heretofore, by a resolution and order adopted March 7, 1962, fix a date for a public hearing on the creation of the proposed Sun Valley Public Service District for supplying water and sewerage services and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed Sun Valley Public Service District

might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said District; and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, all interested persons having been afforded an opportunity to be heard for and against the creation of said District, and upon the need for 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 service 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 be adopted;

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 Clark, Coal and Termile Districts of Harrison County, West Virginia, is hereby created, and said District shall have the following boundaries:

Beginning at a point at the corporate limits of the City of Clarksburg, County of Harrison, State of West Virginia, 300 feet in a southerly direction from the point where the southerly edge of United States Route No. 50 intersects the westerly corporate limits of the City of Clarksburg, near or at the junction of United States Routes Nos. 50 and 19, and running thence generally in a westerly direction along a line 300 feet in a southerly direction from said Route No. 50 and parallel with said Route No. 50 to a point 300 feet west of West Virginia Route No. 33 and 300 feet south of said Route No. 50; thence in a northerly direction 600 feet on a line perpendicular to said Route No. 50 to a point; thence with said line 300 feet in a northerly direction from West Virginia Route No. 11 and parallel with said Route No. 11 to a point where said Route No. 11 takes an abrupt turn eastward, which point is about 1/4 mile in a northeasterly direction from the intersection of Simpson Fork by West Virginia Route No. 50, near the present warehouse of Hope Natural Gas Company; thence with the northerly edge of the right-of-way of said Route No. 11 and with the corporate limits of the City of Clarksburg to the place of beginning, all situate in Clark, Coal and Termile Districts of said Harrison County and including within said described boundaries the unincorporated Communities of Sun Valley, Wolf Summit, Reynoldsville and Wilsonburg, as shown upon a plat made by Horner Bros. Engineers entitled "Plat of Sun Valley Public Service District, Termile, Clark and Coal Districts, Harrison Co., W. Va." which plat has been inspected by the County Court and is now ordered filed herein, but excluding the warehouse and shop properties of Hope Natural Gas Company at or near the place in Clark District where said Route No. 50 is intersected by said Route No. 11.

II.

Said Public Service District shall have the name and corporate title of "Sun Valley Public Service District", and shall constitute a public corporation and political subdivision of said Harrison County, West Virginia.

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 included within said District, the County Court hereby appoints the following three persons residing within said District as members of the Public Service Board of said District for the terms shown after their names:

Louis E. Barnes	Six Years;
George A. Garrett	Four Years;
Pete Gallo	Two Years;

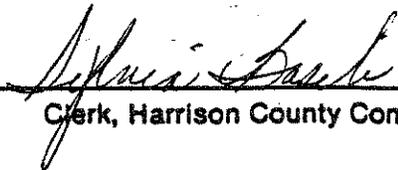
such terms to run from the 28th day of March, 1962, all in accordance with the provisions of West Virginia Code, Chapter 16, Article 13A, Section 3. Said members shall qualify by meeting in the office of the Clerk of the County Court as soon as practicable and taking an oath of office in writing, and shall thereafter meet as said Board and organize, pursuant to the provisions of said statute.

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. 41 at Page 268, of said records.

Given under my hand and Seal of said Office this 7 day of March, 1997



Clerk, Harrison County Commission

At a Regular Term of the County Commission of Harrison County,
West Virginia, continued and held at the Courthouse thereof, on the
7 day of October, 19 68 Commissioners
Brent Rittenhouse, Dewey Belknap and James E. Boyce
being present thereat, the following order was made and entered, to-wit

SUN VALLEY PUBLIC SERVICE DISTRICT

Order to have hearing on Enlargement

Sun Valley Public Service District

The Court, all its members being present and voting,
does hereby unanimously adopt the following order on its own
motion upon good cause being shown therefor:

BE IT RESOLVED AND ORDERED, that on the 7 day of
October, 1968, pursuant to West Virginia Code, Chapter 16, Article
13A, as amended, the County Court of Harrison County does hereby
propose the enlargement of the Sun Valley Public Service District,
heretofore created, the name of which said Public Service District
shall remain "Sun Valley Public Service District."

1. The territory to be embraced in said public service
district as enlarged shall be that embraced within the following
boundaries:

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

Monday, October 7th 1968

Beginning at a point it being the North-westerly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia, having a latitude North 39° 17' 51" and longitude West 80° 22' 07"; thence with the corporation line of the City of Clarksburg S 23° 20' E 0.33 mile more or less; thence continuing with said corporate limits S 6° 20' W 1.10 mile more or less to a point in the center of Highway U.S. Route 19; thence S 44° 00' W 0.5 mile; thence S 61° 50' W 2.2 mile, to a line between the Union and Clark Magisterial Districts; thence with the magisterial district line 3.7 miles more or less to the intersection of West Virginia Secondary Routes 33/2 and 33; thence N 59° 30' W 1.7 mile to a point in the center of West Virginia State Route 31; thence with State Route 31 crossing U.S. Route 50 N 37° 10' E 1.0 mile to a point in West Virginia Secondary Route 5/4; thence east 0.90 mile to the magisterial district line between Ten Mile and Clark Magisterial Districts; thence with said district line 1.70 miles, more or less to a point having a latitude of North 39° 18' 15" and longitude West 80° 26' 16"; thence East 2.60 mile; thence S 63° 00' E 1.40 mile to place of beginning containing an area of 15.06 square miles and embracing all of the Sun Valley Public Service District as created by the County Court of Harrison County, by order dated March 7, 1962, and as shown on a map prepared by J. M. Milan, Inc., Consulting Engineers, dated September 3, 1968, and titled "Sun Valley Public Service District, Harrison County, West Virginia", which map has been inspected by the Court.

2. The purposes of said enlarged public service district shall be to construct, maintain, operate, improve and extend water and sewerage services and facilities within and without the territory to the extent permitted by law.

3. The territory above-described does not include within its limits the territory of any other public service district organized under the laws heretofore referred to and does not include any city, incorporated town or other municipal corporation.

4. There shall be a public hearing before this Court on October 28th, 1968, at 10:00 a.m. upon the proposed enlargement of said public service district, at which hearing all persons residing within or owning or having any interest in property in such enlarged public service district shall have an opportunity to be heard for and against such enlargement, and this Court shall at such hearing consider and determine the feasibility and desirability of the enlargement of said public service district and shall adopt such resolutions and orders as may be proper.

5. The Clerk of this Court shall cause notice of such hearing and the time and place thereof, including the above description of the territory proposed to be included within such enlarged public service district, to be given by publication once in a newspaper published and of general circulation in Harrison County at least ten days prior to such hearing.

It is ordered that this Court be now adjourned until Tuesday, October 8, 1968 at 10:00 o'clock

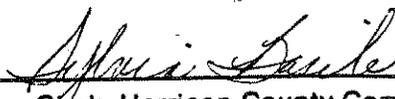
Brent Pittman, President

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. 44 at Page 47, of said records.

Given under my hand and Seal of said Office this 7 day of March, 19 97.



Clerk, Harrison County Commission

At a Regular Term of the County Commission of Harrison County,
West Virginia, continued and held at the Courthouse thereof, on the
12 day of November, 19 68, Commissioners
Brent Rittenhouse, Dewey Belknap and James E. Boyce
being present thereat, the following order was made and entered, to-wit

Sun Valley Public Service District

Area Enlarged

SUN VALLEY PUBLIC SERVICE DISTRICT

Enlarging Area Served Thereby

At a regular Term of the County Court of Harrison County, West Virginia, held at the Court House thereof on the 28th day of October, 1968, Commissioners Dewey Belknap and James Boyce, being present, a public hearing was held on the proposed enlargement of the Sun Valley Public Service District, all as contemplated and provided for in a resolution and order adopted by the County Court on the 7th day of October, 1968, and the Court was advised by counsel for said Sun Valley Public Service District that due publication of notice of such public hearing, in accordance with said order, had been made in the Clarksburg Exponent on Tuesday, October 15, 1968, as appears from the publisher's certificate, made and executed by W. L. Cook, Business Manager of the Clarksburg Exponent, certifying to said publication, which said notice was tendered to the County Court and is now filed herein, with said notice stating that all persons residing in or owning or having any interest in property in such proposed enlarged Sun Valley Public Service District might, on said 28th day of October, 1968, appear and be heard for or against the enlargement of said District.

At said public hearing held on the 28th day of October, 1968, as aforesaid, it became apparent that the area sought to be encompassed in the proposed enlargement of said Sun Valley Public

ORDERS—Commissioners Harrison County Court, W. Va.

Regular

Sessions Held

Tuesday, November 12th,

19 68

Service District encroached, to a small degree, on an area presently served by the Clarksburg Water Board, said area being generally described as that area in and around the Union Protestant Hospital and the area included in the new Hope Gas Company construction

situate near U. S. Route 19 South; and petitioner, said Sun Valley Public Service District, upon being advised of said encroachment, did, through its attorney, agree to a modification and reduction of the area sought to be encompassed within said enlarged Public Service District by deleting therefrom, by metes and bounds, that area presently served by the Clarksburg Water Board.

Said modification and deletion of said area having been agreed to by petitioner, the Sun Valley Public Service District, all interested persons so desiring were then given full opportunity to be heard at said public hearing and a number of such persons testified in favor of such enlargement with no persons testifying in opposition thereto, at which time upon motion of petitioner, this matter was continued until the 1st day of November, 1968, in order that a proper map or plat evidencing the aforementioned modification of the area sought to be encompassed within said enlarged Public Service District could be prepared and presented to the County Court for its study and information.

On the 1st day of November, 1968, came again the petitioner, Sun Valley Public Service District, and presented to the County Court a map or plat and description showing the area sought to be encompassed within the enlarged Sun Valley Public Service District, which area now sought to be encompassed deletes that certain small area aforementioned which is presently served by the Clarksburg Water Board; and the County Court then further discussed the enlargement of said Sun Valley Public Service District and on unanimous vote of all Commissioners, the following order and resolution was adopted, effective immediately:

ORDER AND RESOLUTION Enlarging the Area Encompassed Within the Sun Valley Public Service District, in Harrison County, West Virginia.

WHEREAS, the County Court of Harrison County, West Virginia, did heretofore, by a Resolution and Order adopted on 7th day of October, 1968, fix a date for a public hearing on the proposed enlargement of the Sun Valley Public Service District and did in said Resolution and Order provide that all persons residing in or owning or having any interest in property within the area proposed to be encompassed in said Sun Valley Public Service District as enlarged might appear before the County Court at said meeting and have the opportunity to be heard for or against the enlargement of said District; and

WHEREAS, notice of said 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 or against the enlargement of said Public Service District, and upon

the need for 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 area sought to be encompassed in said proposed enlargement of said 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 the opinion and hereby determines that the geographical enlargement of the Sun Valley Public Service District is feasible, and that the water and sewerage services proposed for said District would be conducive to the preservation of public health, comfort and convenience in said District, and that a Resolution and Order enlarging said District as aforementioned should be adopted;

NOW, THEREFORE, Be It, and It Is Hereby, Ordered and Resolved by the County Court of Harrison County, West Virginia, as follows:

The Sun Valley Public Service District of Harrison County, West Virginia, is hereby enlarged, with said District, as enlarged, to encompass the following boundaries:

BEGINNING at a point, it being the Northwesterly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia, having a latitude North 39° 17' 51" and longitude West 80° 22' 07";

Thence with the corporate line of the City of Clarksburg S. 23° 20' E. 0.33 miles, more or less, to the center of Old U. S. Route No. 50 now Secondary State Route No. 11;

Thence continuing with said corporate limits S. 6° 20' W. 3400 feet, more or less, to a point in the District line between Clark and Coal Magisterial Districts;

Thence with said District line in a westerly direction 1100 feet to a point;

Thence leaving said District line S. 46° 10' W. 4200 feet to a point;

Thence S. 32° 05' E. 2300 feet to a point;

Thence S. 61° 50' W. 10450 feet, more or less, to the line between the Union and Clark Magisterial Districts.

Thence with the magisterial district line 3.7 miles, more or less to the intersection of West Virginia State Secondary Routes 33/2 and 33;

Thence N. 59° 30' W. 1.7 mile to a point in the center of West Virginia State Route 31;

Thence with State Route 31 crossing U. S. Route 50 N. 37°

ORDERS—Commissioners Harrison County Court, W. Va.

Regular

Session Held

Tuesday, November 12th,

1968

10' E. 1.0 mile to a point in West Virginia Secondary Route 5/14.

Thence east 0.90 mile to the magisterial district line between Ten Mile and Clark Magisterial Districts;

Thence with said district line 1.70 miles, more or less, to a point having a latitude of North $39^{\circ} 18' 15''$ and longitude west $80^{\circ} 26' 16''$;

Thence East 2.60 mile;

Thence S. $63^{\circ} 00'$ E. 1.40 mile to place of beginning containing an area of 15.06 square miles and embracing all of the Sun Valley Public Service District as created by the County Court of Harrison County, by order dated March 7, 1962, and as shown on a map prepared by J. H. Milam, Inc., Consulting Engineers, dated September 3, 1968, and titled "Sun Valley Public Service District, Harrison County, West Virginia".

It appearing to the Court that the foregoing order was made and entered as of the 1st day of November, 1968, but inadvertently omitted from the records, it is, therefore ordered that the same be entered nunc pro tunc.

It is ordered that this Court be now adjourned until Wednesday, November 13th, 1968 at 10:00 O'clock

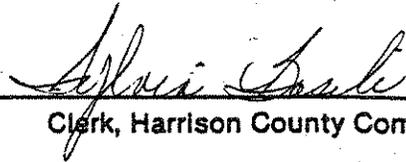
President

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. 44 at Page 63, of said records.

Given under my hand and Seal of said Office this 7 day of March, 19 97.



Clerk, 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. 66 at Page 622, of said records.

Given under my hand and Seal of said Office this 16 day of October 2001.


Clerk, Harrison County Commission

County Commission

Resolution and Order Expanding the
Boundaries of the Sun Valley Public
Service District**BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY, WEST VIRGINIA****A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES
OF THE SUN VALLEY 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 Sun Valley 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 Sun Valley Public Service District, required notice of said hearing to be given by Class 1 legal publication in Harrison County, West Virginia, and by posting of notice in at least five (5) conspicuous places within the territory of the Sun Valley 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 Sun Valley 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 Sun Valley Public Service District for the preservation of the public health, comfort and convenience of the areas presently served or to be served by the Sun Valley 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 Sun Valley Public Service District, enlarges the boundaries of the Sun Valley Public Service District. The presently existing public service district is particularly defined as the following area:

SUN VALLEY PUBLIC SERVICE DISTRICT

BEGINNING at a point, it being the northwesterly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia having a latitude of

North 39° 17' 51" and longitude West 80° 22' 07";

THENCE with the corporate line of the City of Clarksburg South 23° 20' East 0.33 miles (1,742 feet), more or less, to the center of Old US Route 50, now Secondary State Route No. 11;

THENCE continuing with said corporate limits South 0° 20' West 3,400 feet, more or less, to a point in the District line between Clark and Coal Magisterial District;

THENCE with said District line in a westerly direction 1,100 feet to a point;

THENCE leaving said District line South 46° 10' West 4,200 feet to a point;

THENCE South 32° 05' East 2,300 feet to a point;

THENCE South 61° 50' West 10,450 feet, more or less, to the line between the Union and Clark Magisterial Districts;

THENCE with the Magisterial District line 3.7 miles (19,536) feet, more or less, to the intersection of West Virginia State Secondary Routes 33/2 and 33;

THENCE North 59° 30' West 1.7 miles (8,976 feet) to a point in the center of West Virginia State Route 31;

THENCE with State Route 31 crossing US Route 50 North 37° 10' East 1.0 mile (5,280 feet) to a point in West Virginia Secondary Route 5/14;

THENCE East 0.90 mile (4,752 feet) to the Magisterial District line between Tenmile and Clark Magisterial Districts;

THENCE with said District line 1.7 miles (8,976 feet) more or less to a point having a latitude of North 39° 18' 15" and longitude West 80° 26' 16";

THENCE East 2.6 miles (13,728 feet);

THENCE South 63° 00' East 1.4 mile (7,392 feet) to a place of beginning, containing an area of 15.06 square miles.

The new boundary of the Sun Valley Public Service District is more particularly bounded and described as follows:

SUN VALLEY 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, said point being the northwesterly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia, and having a latitude of 39° 17' 51" and a longitude of West 80° 22' 07";

THENCE with the corporate line of the City of Clarksburg South 06° 20' 00" East a distance of 0.33 miles (1,742 feet) more or less, to the centerline of Old US Route 50, now known as West Virginia Secondary Route 11;

THENCE continuing with said corporate limits of the City of Clarksburg, South 06° 20' 00" West a distance of 3,400 feet more or less to a point in the district line between Clark and Coal Magisterial Districts;

THENCE with said District line of said Clark and Coal Magisterial Districts in a westerly direction 1,100 feet more or less to a point;

THENCE leaving said District line of said Clark and Coal Magisterial Districts, South 46° 10' 00" West, a distance of 4,200 feet more or less to a point;

THENCE South 32° 05' 00" East, a distance 2,300 feet more or less to a point;

THENCE South $61^{\circ} 50' 00''$ West a distance of 10,450 feet more or less to a common line of Union and Clark Magisterial Districts and a point located on said ridge top;

THENCE leaving said point located on said ridge top and in a southwesterly direction a distance of 9,900 feet more or less to a point located near the intersection of West Virginia County Route 33 and West Virginia Secondary Route 31/3;

THENCE leaving said point located near the intersection of West Virginia County Route 33 and West Virginia Secondary Route 31/3 and in a southwesterly direction a distance of 11,800 feet more or less to a point located near West Virginia County Route 32;

THENCE leaving said West Virginia County Route 32 in a southerly direction a distance of 10,500 feet more or less to a point located at West Virginia County Route 38;

THENCE leaving said West Virginia County Route 38 in a southwesterly direction a distance of 7,050 feet more or less to a point located in West Virginia Secondary Route 19/8;

THENCE leaving said West Virginia County Route 19/8 and in a southeasterly direction a distance of 8,400 feet more or less to a point located in the center of the West Fork River;

THENCE with the meanders of the West Fork River for a distance of 4,000 feet more or less to the Harrison and Lewis County line;

THENCE with said Harrison and Lewis County line a distance of 52,000 feet more or less to a common intersection of Harrison, Lewis and Doddridge Counties;

THENCE leaving said common intersection of Harrison, Lewis and Doddridge Counties and with a common county line of Harrison and Doddridge Counties a distance of 89,000 feet more or less to a point located on a ridge located on the Harrison and Doddridge County line;

THENCE leaving said point located at a ridge point and a common county line of Harrison and Doddridge County and in a southeasterly direction a distance of 7,200 feet more or less to a point located in West Virginia County Route 29;

THENCE leaving said point located in West Virginia County Route 29 and in a northeasterly direction a distance of 9,100 feet more or less to a point located on a ridge top;

THENCE leaving said point located at said ridge top and in a northerly direction a distance of 1,600 feet more or less to a point located in the right of way of the Baltimore & Ohio Railroad Company;

THENCE leaving said point located in said right of way of the Baltimore & Ohio Railroad Company and in a northwesterly direction a distance of 2,800 feet more or less to a point located on a ridge top;

THENCE leaving said point located on said ridge top and in a westerly direction a distance of 2,950 feet more or less to a point located on a ridge top;

THENCE leaving said point located on said ridge top and in a northwesterly direction a distance of 4,700 feet more or less to a point located on a ridge top;

THENCE leaving said point located on said ridge top and in a westerly direction a distance of 8,050 feet more or less to a point located on a ridge top located on the Harrison and Doddridge County line;

THENCE leaving said point located on a ridge top on the Harrison and

DAYTON LEGAL BLANK, INC.

Doddridge County line and with said County line a distance of 8,000 feet to a common point located on said County line and Cherry Camp Run;

THENCE leaving said point located on said County line of Harrison and Doddridge County and in a southeasterly direction a distance of 16,920 feet more or less to a point located at a ridge top;

THENCE leaving said point located at a ridge top and in a northeasterly direction a distance of 2,600 feet more or less to a point located at a ridge top;

THENCE leaving said point located at a ridge top and in a southeasterly direction a distance of 16,200 feet more or less to common magisterial district lines of Tennile, Sardis and Coal Districts;

THENCE leaving said common magisterial lines of Tennile, Sardis and Coal Districts and with a common magisterial district line of Sardis and Coal for a distance of 16,000 feet more or less to a point located at a ridge top;

THENCE leaving said point located a ridge top and in a southeasterly direction a distance of 900 feet more or less to a point located at a ridge top;

THENCE leaving said point located at a ridge top and in a southeasterly direction a distance of 9,350 feet more or less to the PLACE OF BEGINNING, containing 48,546 acres, more or less, as made 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

Royce Day

Commissioner

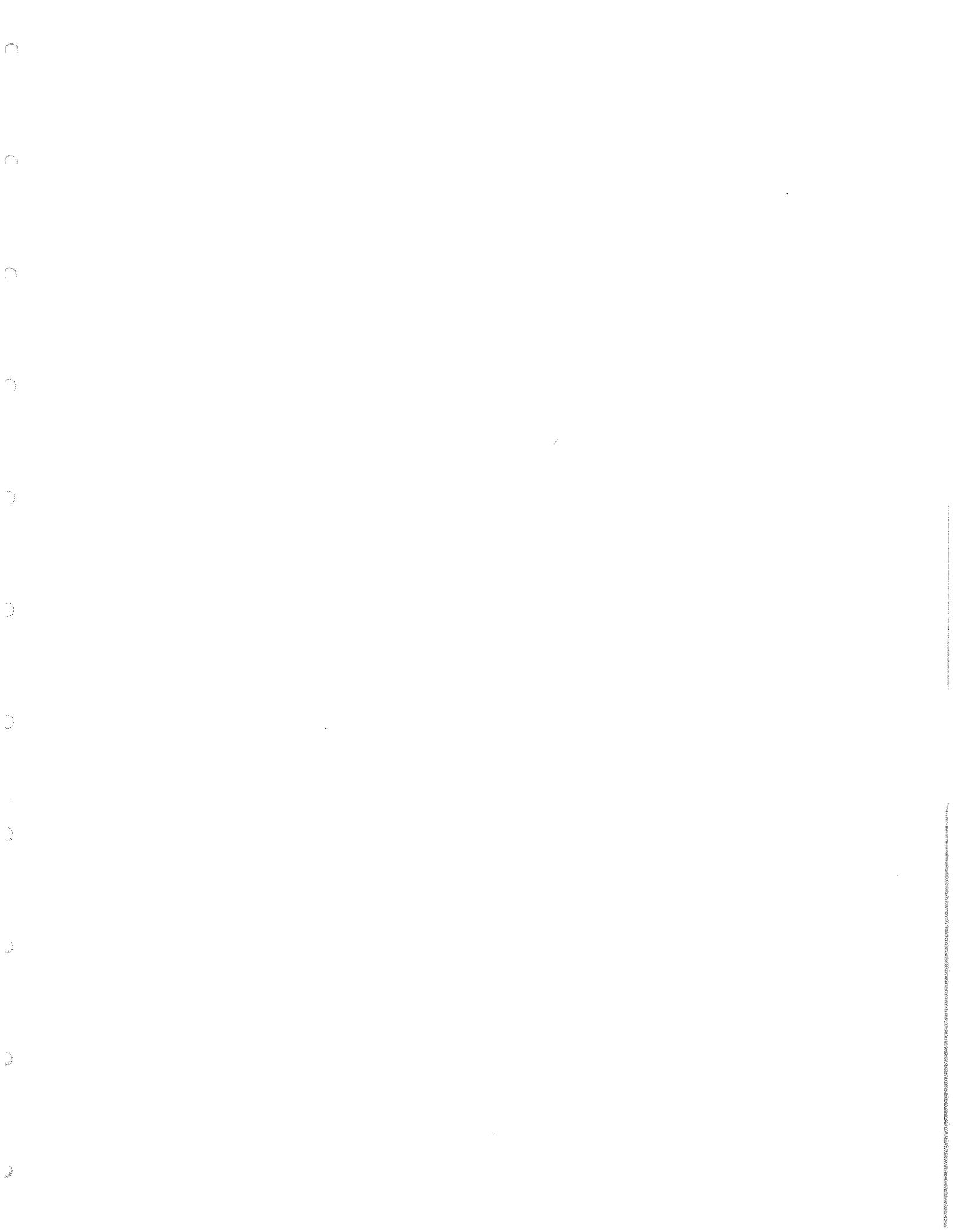
Beth Pugh

Commissioner

ATTEST:

[Signature]

County Clerk



Session Held

MONDAY, JANUARY 29,

20 01

STATE OF HARRIS INC., SPENCER, W. VA. REG. ORDER NO. 0315-B-00

County Commission

Minutes of January 11
Meeting = Approved

HARRISON COUNTY COURT HOUSE

Harrison County Commission

301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301
304-624-8500
FAX (304) 624-8673

COMMISSIONERS
THOMAS A. KEELEY
ROGER DIAZ
BETH TAYLOR

At a regular meeting of the County Commission of Harrison County held on Thursday, January 11, 2001, President Beth Taylor and Commissioners Thomas A. Keeley and Roger Diaz were present. Also present were Regina Seamon, Executive Secretary and Dorothy A. McCord, Deputy County Clerk.

County Clerk Basile was absent due to illness. County Administrator James Harris was not present.

President Taylor called the meeting to order at 10:00 a.m.

Regina Seamon reported there were no exonerations, corrective tickets, joint property applications, minutes or payroll changes for consideration.

Taylor called for a motion on the purchase orders. Commissioner Keeley moved the purchase orders be approved. Commissioner Diaz seconded the motion, with Taylor making the vote unanimous.

Terry Schulte, Planning Director, appeared before the Commission to discuss several issues. She recommended the appointments of Jody Derrickson and James Scudere as additional members of the Greater Harrison PSD Board. After a brief discussion, Diaz moved that Jody Derrickson and James Scudere be appointed to the Greater Harrison PSD Board as recommended. Keeley seconded the motion, with Taylor making the vote unanimous.

✓ Schulte discussed the soon to be vacant seat on the Sun Valley PSD Board. After a discussion, Keeley moved that Greg Dale be appointed as a member of the Sun Valley PSD Board. Diaz seconded the motion, with Taylor making the vote unanimous.

Diaz directed that these individuals be notified that a mandatory training session for PSD members was being held in the near future in order that they could make arrangements to attend.

Schulte notified the Commission of a problem to be aware of it. She indicated the Planning Commission issued a permit to a resident and the municipality did



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not comply with the proper procedures and missed two required steps under the mainline extension provisions. The resident now wants to file a complaint with the Public Service Commission. There was a brief discussion.

Schulte indicated that, if the Commission felt it was a priority, she would take the draft Dilapidated Building Ordinance to the attorney and bring it back in final form for approval. Keeley moved that Schulte be authorized as requested. Diaz seconded the motion, with Taylor making the vote unanimous.

Schulte reported that she had spoken to the Housing Authority regarding the Redevelopment Authority and they indicated they would be willing to partner with them. She indicated that the only requirement to serve on the Redevelopment Authority was that the individual be a resident of the County.

It was reported that effective January 1, 2001, WV joined the IRS to increase the mileage rate from 32.5 cents to 34.5 cents per mile. After a brief discussion, Diaz moved that the Commission increase the mileage rates to 34.5 cents per mile effective today, January 11, 2001. Keeley seconded the motion, with Taylor making the vote unanimous.

Seamon brought up from the table discussion regarding setting the dates for the Board of Review and Equalization. After a brief discussion, Keeley moved that the following dates be adopted for the Board of Review and Equalization: Thursday, February 1; Friday, February 2; Tuesday, February 6; Thursday, February 8; Friday, February 9; Tuesday, February 13; Thursday, February 15; Friday, February 16 and Tuesday, February 20, 2001 between the hours of 10:00 a.m. and 12:00 p.m. Diaz seconded the motion, with Taylor making the vote unanimous. Seamon was also directed to publish notice of the dates and time as both a Class II-0 Legal Advertisement and a 4x5 Display advertisement.

Keeley moved that the President be authorized to sign the letter of support to the City of Clarksburg. Diaz seconded the motion, with Taylor making the vote unanimous.

A letter was received from the State Tax Department requesting a date be set aside for hearing on any industrial or mineral requests for review. The Commission designated the last day, Tuesday, February 20, 2001 for that purpose.

Seamon presented for signature the Order with regard to the change of meeting dates. After a brief discussion, Keeley moved the President be authorized to sign. Diaz seconded the motion, with Taylor making the vote unanimous.

Page 3

A request was received from the Prosecuting Attorney for payment of expenses in an extradition case. Diaz moved the request be approved. Keeley seconded the motion, with Taylor making the vote unanimous.

Diaz moved that the President be authorized to sign the letters to Acordia, the Clarksburg Water Board and to Dale Knight, with changes as discussed. Keeley seconded the motion, with Taylor making the vote unanimous.

A letter of request was received from the Clarksburg Park Board regarding Loria Field. After a brief discussion, Keeley moved that the \$4,000 allocation be approved. Diaz seconded the motion, with Taylor making the vote unanimous.

A letter of request was received from Toy Boy Company. The Commission recommended that a letter be sent to the company as discussed with a copy of the Company letter for the file.

A letter was received from the WV Department of Highways regarding the Kincheloe Road paving request. A copy of the letter the Commission sent to Charleston, together with the letter received, was directed to be sent to Barbara Warner.

An invitation was received to attend the dinner meeting of the Harrison County Development Authority on January 23. Diaz and Keeley indicated they would be out of town and unable to attend. Taylor had already responded.

Site visits were received from WYK. Keeley moved that receipt of the reports be made a part of the record. Diaz seconded the motion, with Taylor making the vote unanimous.

A WV State College feasibility study proposal regarding a metro police force was received. After a brief discussion, Keeley moved that Jim Harris be asked to coordinate with the State College as discussed. Diaz seconded the motion, with Taylor making the vote unanimous.

The cellular phone policy statement was presented for approval for inclusion in the Personnel Policy manual. After a brief discussion, Diaz moved that the policy statement be approved and also to be included in the Personnel Policy manual. Keeley seconded the motion, with Taylor making the vote unanimous.

Keeley moved that the letter from Dave Ross regarding space needs be tabled. Diaz seconded the motion, with Taylor making the vote unanimous.

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Diaz moved that the Commission approve the memorandum to the Elected Officials and supervisors regarding the Commission meeting change. Keeley seconded the motion, with Taylor making the vote unanimous.

A letter was received from Joseph Oliverio, II regarding the Commission seat.

Diaz moved that the notice of an addition to the HARP program be made a part of the record. Keeley seconded the motion, with Taylor making the vote unanimous.

There was a discussion of the letter received from the Harrison County Development Authority relative to Board appointments.

President Taylor discussed a post card received from PEIA.

The Commission directed either Regina or Jim Harris respond to an inquiry regarding the number of copies of the WV Code in the Courthouse.

A letter was received from the Supreme Court of Appeals regarding surplus property that could be purchased for \$195 the Probation Department. After a brief discussion, Keeley approved the application for the purchase. Diaz seconded the motion, with Taylor making the vote unanimous.

There was discussion regarding the Home Confinement Fund. It was suggested that there be a meeting with the Chief Judge.

Diaz moved that the receipt of the Audit report for the Harrison County Board of Health for the years ending June 30, 1998 and June 30, 1999 be made a part of the record. Keeley seconded the motion, with Taylor making the vote unanimous.

The Commission directed Regina to call about the Courtroom sound system to have it completed for the Commission's next meeting.

Prosecutor John Scott reported he reviewed the case and file in the office and reported on his contact with Mr. McMunn and BB&T.

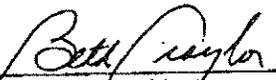
The Commission meeting stood in recess until 11:00 a.m.

Commissioner Diaz moved that the regular meeting resume. Commissioner Keeley seconded the motion, with President Taylor making the vote unanimous. The meeting reopened at 11:00 a.m. with a press conference.

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Commissioner Keeley asked for the floor, which was reluctantly given by President Taylor. He announced his appointment by Governor-elect Wise as Alcohol Beverage Control Commissioner. He read a letter of response received from the WV Ethics Commission in response to his inquiry with regard to remaining as County Commissioner and serving as ABC Commissioner. He indicated that after much thought, he was resigning as County Commissioner effective February 15, 2001 or March 1, 2001. President Taylor and Commissioner Diaz both spoke and wished Commissioner Keeley the best. There were comments from other of the elected officials present.

There being no further business, Commissioner Diaz moved the meeting be adjourned. President Taylor seconded the motion.


Beth Taylor, President

1/29/01
Date

ORDERS—Commissioners Harrison County, W. Va.

457

Session Held

Tuesday, July 1,

19 97

CASO & HARRIS INC., SPENCER, W. VA. HE-ORDER NO. 2048-X-95

Emma Mae Clevenger

Appointed Member of the Sun Valley
Public Service District

WHEREAS, a vacancy exists on the Sun Valley Public Service
District Board; and,

WHEREAS, the County Commission of Harrison County desires to
fill such vacancy;

NOW BE IT THEREFORE ORDERED that Emma Mae Clevenger be and she
is hereby appointed as a member of the Sun Valley Public Service District
Board for a term of Six (6) years beginning June 26, 1997 and to
continue until June 26, 2003.

Thereupon came said Emma Mae Clevenger and accepted said office
or trust and took the oath prescribed by law.



HARRISON COUNTY COURT HOUSE

Harrison County Commission

301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301
304-624-8500
FAX (304) 624-8673

COMMISSIONERS

~~WALTER DOUGLASS~~

ROGER DIAZ

BETH TAYLOR

James D. Smith, Jr.

At a regular meeting of the County Commission of Harrison County held on Monday, September 10, 2001, President Beth Taylor and Commissioners Roger Diaz and James Smith were present. Also present were James A. Harris, County Administrator, Sylvia Basile, County Clerk and Dorothy A. McCord, Deputy County Clerk.

President Taylor called the meeting to order at 8:40 a.m.

James Harris presented the exonerations and corrective tickets for approval. Commissioner Diaz moved that the exonerations and corrective tickets be approved. Commissioner Smith seconded the motion, with Taylor making the vote unanimous.

Harris presented one Joint Property Application for approval. Diaz moved the application be approved. Smith seconded the motion, with Taylor making the vote unanimous.

After a brief discussion, Smith moved the payroll changes be approved. Diaz seconded the motion, with Taylor making the vote unanimous.

Mrs. Carmen Montgomery appeared before the Commission to discuss the rights of cats versus dogs. She indicated that when the Animal Control report is in the newspaper the list should include cats as well as dogs. There was a discussion.

The Fiduciary Commissioners' quarterly settlements were presented for confirmation. The Clerk's reported that there had not been any exceptions or objections filed with the office on any of those settlements which were under consideration.

Harris presented the minutes for approval. Diaz moved that the minutes of the meetings of July 9 and July 30 be approved. Smith seconded the motion, with Taylor making the vote unanimous.

Harris presented a letter from the WV Development Office regarding a Technical Review of the 2001 Small Cities Block Grant application for Seminole. Terry Schulte was present to address this matter. She outlined her response to each



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of the questions raised in the review. The Commission indicated that they were satisfied to send a letter under her signature.

Schulte indicated her response to the letter from the WV Development Office regarding the 1999 Small Cities Block Grant for the Greater Harrison project. The Commission approved her letter of response to this letter as well.

Harris presented the completed grant application for the Tobacco Coalition grant. Diaz moved that this be forwarded to the Grant file. Smith seconded the motion, with Taylor making the vote unanimous.

The Haulers' Report for 2000 was received from the Solid Waste Authority. After a discussion, Diaz indicated that he would like to have a letter sent to the Solid Waste Authority as discussed. Taylor agreed with the request and Harris was directed to draft a letter.

Harris brought up from the table the letter received from the Mayor of Nutter Fort regarding their appointment to the Harrison County Development Authority. After a discussion, Diaz moved that the Commission confirm the appointment of Bruce Kidd to the Harrison County Development Authority. Smith seconded the motion, with Taylor making the vote unanimous.

Harris brought up from the table the letter from VanHorn and VanHorn regarding the operating hours of the Courthouse. After a discussion, Smith moved that effective October 1, the first business day, the hours of operation of the Courthouse be changed to 8:30 a.m. to 4:30 p.m. Monday through Friday. Diaz seconded the motion, with Taylor making the vote unanimous. Harris was directed to send a memorandum to each of the elected officials as discussed.

Harris presented a revised monthly financial statement received from Sheriff Jack. After a brief discussion, Diaz moved that the receipt of this be made a part of the record. Smith seconded the motion, with Taylor making the vote unanimous. Taylor asked Harris to find out what response the Sheriff had received from the financial institutions as discussed.

Diaz brought up for discussion the creation of the "Rainy Day" fund and directed James Harris to create this in the Budget. Smith seconded the motion, with Taylor making the vote unanimous.

Diaz moved that the meeting go into executive session to discuss personnel matters. Smith seconded the motion, with Taylor making the vote unanimous.

Smith moved the meeting leave executive session. Diaz seconded the motion, with Taylor making the vote unanimous.

There was a discussion regarding the possibility of having a county vehicle assigned to the Commissioners.

Harris brought up for discussion the disposition of the Hotel/Motel tax receipts. After a discussion, the Commission directed those funds be held until the City of Clarksburg, if it does, gets a Visitors' Bureau.

Harris presented a quote received from Michel, Inc. for the replacement of the boilers. Smith directed this for bids for replacement of those units under discussion.

✓ Harris presented Appointment Data Sheets received from Sandra J. Patterson and Michael Moore for a seat on the Sun Valley PSD Board. There was a general discussion. Smith moved that Sandra J. Patterson be appointed to the Sun Valley PSD Board. Diaz seconded the motion, with Taylor making the vote unanimous. A letter was to be sent to Mr. Moore as discussed.

Harris presented a letter received from the Clerk for the purchase of two (2) Touch screen voting machines to be used in the absentee voting process. There was a discussion, after which the matter was tabled until after going through an election.

Clerk Basile presented a cost breakdown for the ACS Imaging System. There was a discussion and the Commission indicated they would like to have the representative from ACS on the agenda to discuss this matter.

Clerk Basile inquired of the Commission where in the Correctional Center is the microfilm equipment going to be placed. After a discussion, Harris agreed to meet with the people from The ARC.

A petition was received from Mary Frances Barbau regarding the estate of Dorothea Moses. After a discussion, Harris was directed to contact Lewis, Doddridge and Upshur Counties to try to find a person to be appointed Special Fiduciary Commissioner. A copy of the petition was directed to be forwarded to the Prosecuting Attorney for an opinion.

Deputy Clerk McCord presented information relative to the Estate of Milofred Horner, deceased. After a brief discussion, Diaz moved that the Waiver of Settlement of the Estate of Milofred Horner, deceased, be approved. Smith seconded the motion, with Taylor making the vote unanimous.

Harris presented quotes received to re-roof the Rec. decks in the Correctional Center. After a discussion, Smith moved that the bid of Sutter Roofing, the low bidder, for \$8,870 be approved, at that price, or to have in requoted. Diaz seconded the motion, with Diaz making the vote unanimous.

Harris presented a letter received from C. David McMunn regarding the estate of Myrl Rohrbough, deceased. After a discussion, Smith moved that bond should be required of the current executor in an appropriate amount for the size of the estate. Diaz seconded the motion, with Taylor making the vote unanimous. The Commission directed a letter be sent to Carmine J. Cann, Fiduciary Commissioner, as discussed.

Diaz moved that quotes for new furniture for the Prosecuting Attorney's Office be tabled. Smith seconded the motion, with Taylor making the vote unanimous.

Harris presented an inquiry from the Purchasing Director as to the number of City Directories to order. Smith moved that the same number of copies be order as last year. Diaz seconded the motion, with Taylor making the vote unanimous.

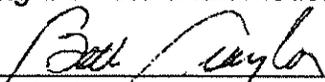
Harris presented a draft letter regarding to the bingo question before the Board of Health. After a discussion, Smith suggested that Harris contact Lewis Clark, Counsel for the Board of Health, and request copies of the regulations in other Counties and see how they address these issues. Diaz moved that the information be provided to Lewis as Jim (Smith) stated and get the necessary material together and then we (the Commission) ask Jim (Smith) as our appointee with the Health Department to take this matter to them to ask them to reconsider, if, in fact, that is in order. Smith seconded the motion, with Taylor making the vote unanimous.

The Commission directed Jim Harris to review the materials received from the WV Department of Transportation Enhancement Program with Terry Schulte.

Harris brought up under Old Business the receipt of the Drug Task Force Grant documents for signature. Smith moved that the President be authorized to sign. Diaz seconded the motion, with Taylor making the vote unanimous.

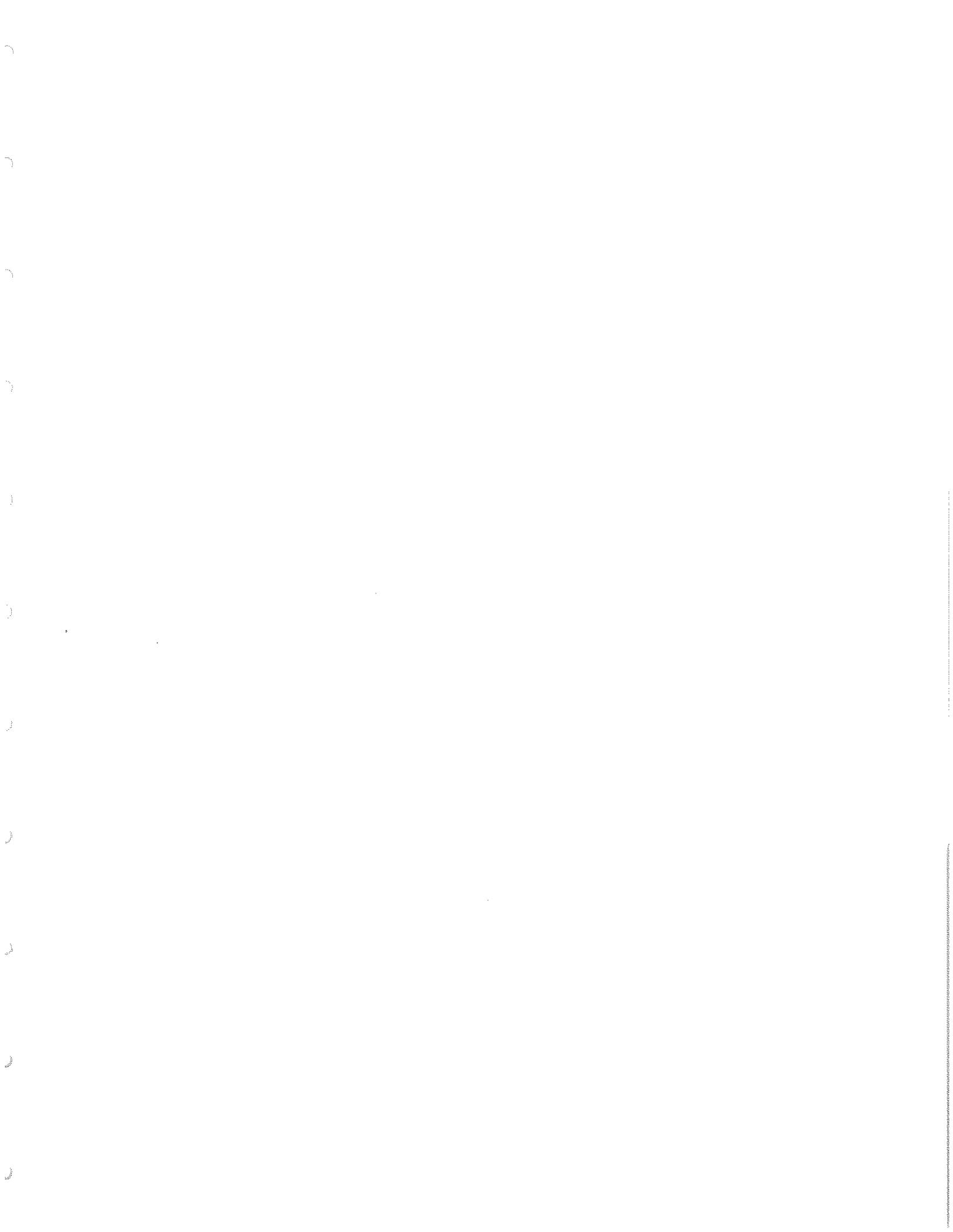
There was a discussion of the Fund Balance memo.

There being no further business, Commissioner Diaz moved that the meeting be adjourned. Commissioner Smith seconded the motion, with President Taylor making the vote unanimous.



Beth Taylor, President

10/15/01
Date



OATH OF OFFICE AND CERTIFICATE

=====

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, Sun Valley Public Service District

to the best of my skill and judgement: SO HELP ME GOD.

Signature of Affiant [Handwritten Signature]
R Greg Dale

Subscribed and sworn to before me, in said County and State, this 18th day of January 2001.

[Handwritten Signature]
Beth Taylor, President

Thomas A. Keeley, Member
[Handwritten Signature]
Roger Diaz, Member

OATH OF OFFICE AND CERTIFICATE

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, Sun Valley Public Service District

to the best of my skill and judgement: SO HELP ME GOD.

Signature of Affiant Emma Mae Clevenger
Emma Mae Clevenger

Subscribed and sworn to before me, in said County and State, this 26th
day of June 1997

Thomas A. Keeley, President
Roger Diaz, Member
Beth Taylor, Member

OATH OF OFFICE AND CERTIFICATE

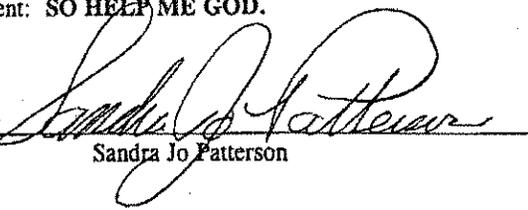
=====

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, Sun Valley Public Service District

to the best of my skill and judgement: **SO HELP ME GOD.**

Signature of Affiant



Sandra Jo Patterson

Subscribed and sworn to before me, in said County and State, this

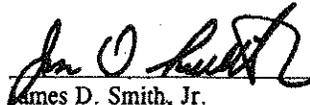
24th

day of September 2001

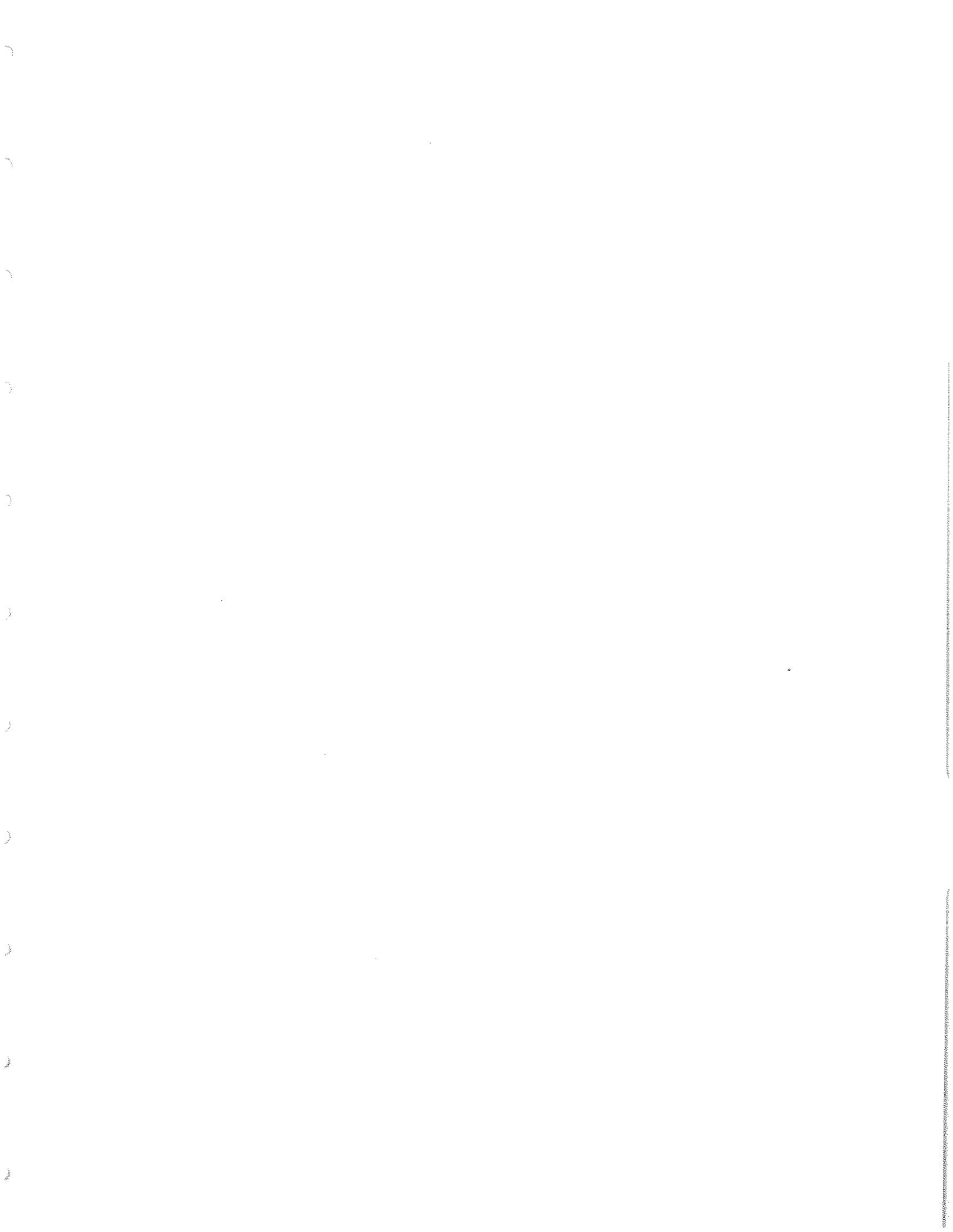
Beth Taylor, President



Roger Diaz, Member



James D. Smith, Jr.



RULES OF PROCEDURE
SUN VALLEY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SUN VALLEY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at County Numbered Route 11, Reynoldsville, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Sun Valley 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 2nd Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of

such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the 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 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled 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 48 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 canceled, 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 16th day of November, 2000.

11/15/00
879900/99001

CL648694.1

ON FILE WITH DISTRICT

Sun Valley PSD

January 11, 1999 - 5:30 P.M.

Present: Gary Fluharty, Bill Holtz, Emma Clevenger, and Don Phillips
Gary Fluharty called the meeting to order.

Emma Clevenger read the minutes, there was a questions about the cost of the Ferrell project. Emma needs to review the cost and adjust the amount. Emma made a motion to approve the rest of the minutes. Bill second, and they were voted and approved.

Invoices were reviewed. approved, and signed.

✓ Voting of Officers for 1999:

Emma made a motion the Officers remain the same, Bill second the motion. We voted and the vote carried.

Officers are as follows:

Gary Fluharty, Chairman
Emma Clevenger, Secretary
William R. Holtz, Treasure

Alan Nicholson project was put on hold because of the weather.

Mark Smith will let us know when to start on his project.

Fairfax Mining; We need to send them an invoice for the tar and chip project that was done by the State Road. Also, Thrasher has ask us to remind them about the engineering cost of their project.

There was a question about the meter reading at Continuous Care Home. There reading was about ½ of the last reading.

Carpet - Emma made a motion to purchase carpet for the offices, Bill second. It was voted and approved for the cost of \$675.22

Page 2

Emma made a motion to purchase a new sweeper. Gary suggested a Hoover, wind tunnel that was on sale at Montgomery Wards for \$299.95 Bill Second. It was voted on and approved.

The men felt we needed sewer treatment (liquid). It was approved to go ahead and purchase.

Letters and flyers were to be printed for the informational meeting for the Route 50 Water Project.

We will vote on the revised handbook at the January 18, 1999 meeting. Don will hand our copies to the employees on Friday so they can go over before we meet on Monday A.M.


Emma Clevenger, Secretary

Sun Valley PSD
9/25/2001 - 5:30 pm

Present: Emma Clevenger, Greg Dale, Sandra Patterson, Carolyn Bee, Alan Shingleton, and Leroy Earnest.

Emma called the meeting to order.

Sandra Patterson was welcomed as the new member of the board.

Emma opened the nominations for Chairman. Sandra nominated Greg Dale. The nominations were closed. Greg nominated Sandra for Treasure. The nominations were closed. Greg is the new Chairman and Sandra is the new Treasure.

The minutes were read and approved from the last meeting.

The pay raise was brought up again. Carolyn said it came back from Charleston that they were to get a 10% raise. Emma objected to this statement. She had gone over the minutes, talked to Gary Fluharty, and Don Phillips which both of them stated the raise was to be 5% for each employee. Greg suggested we table the issue about pay raises until we could get information from Charleston. Emma ask Carolyn for the paper work from Charleston that stated 10%. Sandra 2nd. the motion, and it passed.

Carla Ferrell's letter about having 2 dwellings on one water meter. The lawyer said he was not told about writing her a letter. We ask that she pay all legal fees. Mr. Farley is to write her a letter.

Tom Sears account- magistrate hasn't served him yet.

Change order - Greg ask for a motion to send a letter to Charleston asking for a change order to use the money to buy a tractor instead of a truck from the increased taffer

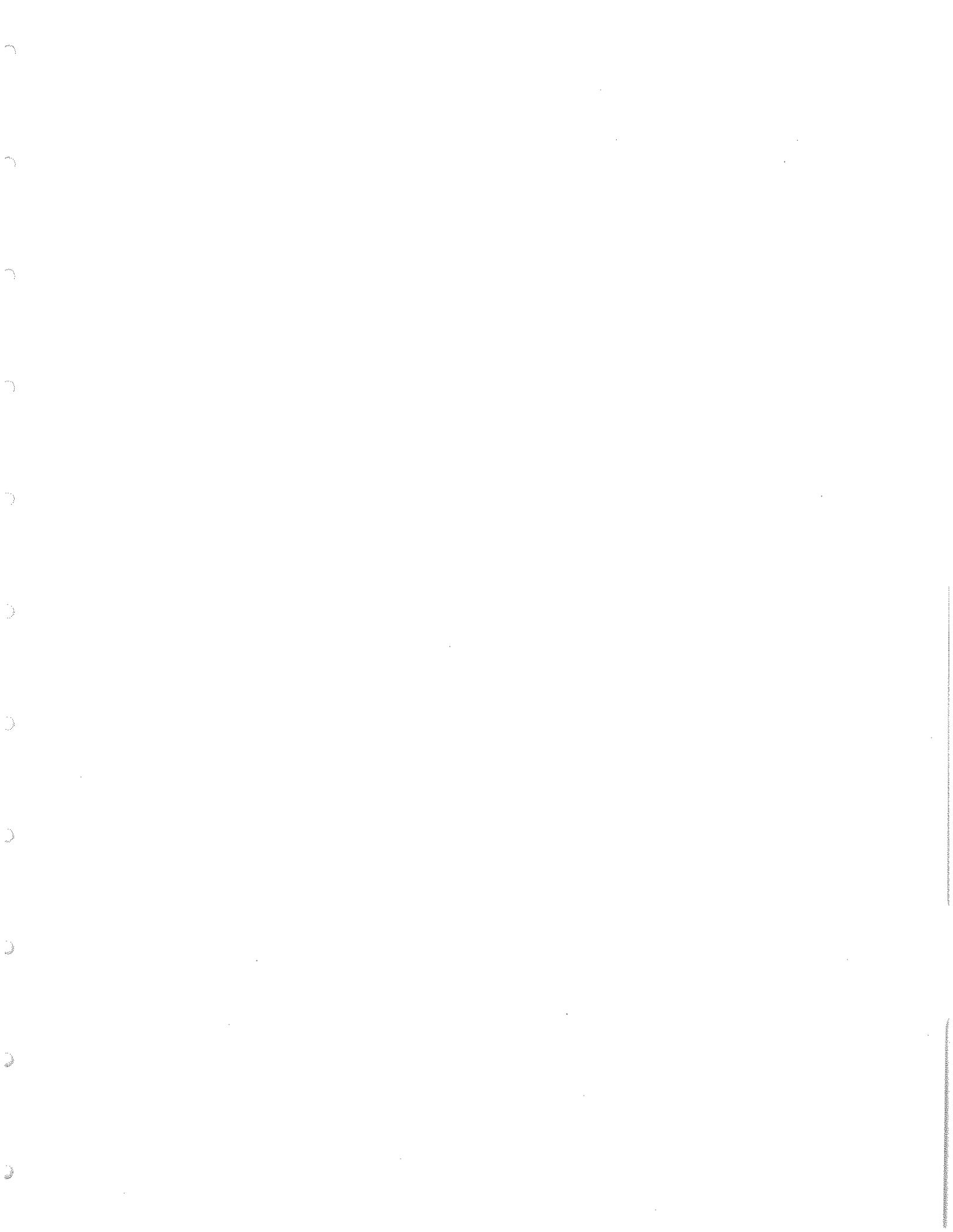
rates. Sandra 2nd. the motion. @ voted yes Emma voted no.
The motion passed.

Greg signed the annual report from *Alastair* Anstonia and Cann

Emma made a motion to approve, sign, and return the water
and sewer audits for the year 2000/2001. The motion was
seconded by Greg. The motion was approved.

Next meeting Oct. 9, 5:30pm.

annual report



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND FIRST SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Sun Valley Public Service District, hereby certify 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 Sun Valley Public Service District met in regular session, pursuant to notice duly posted, on the 26th day of June, 2001, in Reynoldsville, West Virginia, at the hour of 5:30 p.m.

PRESENT:	Gary L. Fluharty	-	Chairman
	Emma M. Clevenger	-	Secretary
	Richard Gregory Dale	-	Treasurer

Gary L. Fluharty, Chairman, presided, and Emma M. Clevenger, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM), SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1997, AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,073,405 IN AGGREGATE PRINCIPAL AMOUNT OF

SEWER REFUNDING REVENUE BONDS, SERIES 2001 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 AND RATIFYING 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.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REFUNDING REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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 and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Sun Valley Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 18th day of October, 2001.


Secretary

10/08/01
879900/99001

MEETING OF THE PUBLIC SERVICE BOARD OF SUN VALLEY PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

A meeting of the Public Service Board of Sun Valley Public Service District (the "District") will be held to consider for adoption the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Monday, December 18, 2000, at 4:30 p.m., prevailing time, at the District Office located on County Route 11, Reynoldsville, Harrison County, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM), SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1997, AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,075,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 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 AND RATIFYING - 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 THERE-TO.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to refund the Issuer's (i) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), (ii) Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), (iii) Sewerage System Construction Notes, Series 1997, and (iv) Sewerage Design Notes, Series 1998 (West Virginia Infrastructure Fund), heretofore issued to pay a portion of the costs of

acquisition and construction of public sewerage facilities of the Issuer (the "System"); and to pay certain cost of issuance of the Bonds of the Series (the "Bonds") and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the District.

At the meeting the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public. Dated: November 30, 2000.
/s/ Gary L. Fluharty
Secretary

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF HARRISON

I, SARA V. SHINGLETON

Classified Manager of THE CLARKSBURG EXPONENT, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

NOTICE OF THE PUBLIC

was published in said THE CLARKSBURG EXPONENT one time, on the

7 day of December 2000

The publisher's fee for said publication is \$ 28.98

Sara V. Shingleton
Classified Manager of The Clarksburg Exponent

Subscribed and sworn to before me this 7 day of

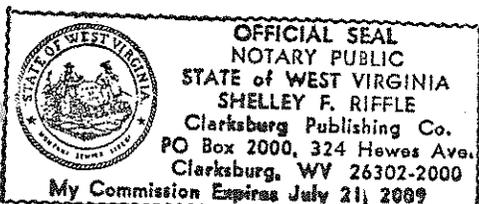
December, 2000

Shelley F. Riffle
Notary Public in and for Harrison County, WV.

My commission expires on the 21 day of July 2009.

Form CA-14 E

SEAL



NOTICE OF PUBLIC MEETING OF THE PUBLIC SERVICE BOARD OF SUN VALLEY PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

A meeting of the Public Service Board of Sun Valley Public Service District (the "District") will be held to consider for adoption the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Monday, December 18, 2000, at 4:30 p.m., prevailing time, at the District Office located on County Route 11, Reynoldsville, Harrison County, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM), SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1997, AND SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,075,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING 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 THERE-TO.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to refund the Issuer's (i) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), (ii) Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Pro-

gram), (iii) Sewerage System Construction Notes, Series 1997, and (iv) Sewerage Design Notes, Series 1998 (West Virginia Infrastructure Fund), heretofore issued to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "System"); and to pay certain cost of issuance of the Bonds of the Series (the "Bonds") and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the District.

At the meeting the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public. Dated: November 30, 2000.

/s/ Gary L. Fluharty
Secretary

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF HARRISON

I, SARA V. SHINGLETON

Classified Manager of CLARKSBURG TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

NOTICE OF PUBLIC

was published in said CLARKSBURG TELEGRAM one time, on the

7 day of December 2000

The publisher's fee for said publication is \$ 34.16

Sara V. Shingleton
Classified Manager of Clarksburg Telegram

Subscribed and sworn to before me this 7 day of

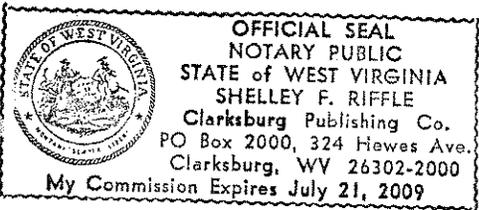
December, 20 00

Shelley F. Riffle

Notary Public in and for Harrison County, WV.

My commission expires on the 21 day of July 2009

Form CA-14 T



WV MUNICIPAL BOND COMMISSION
 8 Capitol Street
 Suite 500, Terminal Building
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: October 18, 2001

(See Reverse for Instructions)

ISSUE: Sun Valley Public Service District Sewer Refunding Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 95, Reynoldsville, WV 26422 COUNTY: Harrison

PURPOSE OF ISSUE: New Money: _____
 Refunding: X REFUNDS ISSUE(S) DATED: 4/10/97; 11/24/97; 02/23/98

ISSUE DATE: October 18, 2001 CLOSING DATE: October 18, 2001

ISSUE AMOUNT: \$1,073,405 RATE: 0%

1ST DEBT SERVICE DUE: 06/01/02 1ST PRINCIPAL DUE: 06/01/02

1ST DEBT SERVICE AMOUNT: \$7,303 PAYING AGENT: Municipal Bond Commission

BOND
 COUNSEL: Steptoe & Johnson PLLC
 Contact Person: Vincent A. Collins, Esq.
 Phone: 624-8161

UNDERWRITERS
 COUNSEL: Jackson & Kelly PLLC
 Contact Person: Samme L. Gee, Esq.
 Phone: 340-1318

CLOSING BANK: First National Bank of West Union
 Contact Person: Larry Poe
 Phone: 873-2401

ESCROW TRUSTEE: _____
 Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: Richard G. Dale
 Position: Chairman
 Phone: 623-9609

OTHER: WV Infrastructure and Jobs Development
Council
 Contact Person: Katy Mallory, P.E.
 Function: Executive Secretary
 Phone: 558-4607

DEPOSITS TO MBC AT CLOSE:
 By: X Wire _____
 _____ Check _____
 _____ Other: Refunding \$1,039,067.56 (See Notes Below)

REFUNDS & TRANSFERS BY MBC AT CLOSE
 By: _____ Wire _____ To Escrow Trustee: \$ _____
 _____ Check _____ To Issuer: \$ _____
 _____ IGT _____ To Cons. Invest. Fund: \$ _____
 _____ To Other: \$ _____

NOTES: Paying off Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund); Sewer Revenue Bonds,
Series 1997 C (West Virginia SRF Program); Sewerage System Construction Notes, Series 1997; and Sewerage System
Design Notes, Series 1998 (West Virginia Infrastructure Fund).

FOR MUNICIPAL BOND COMMISSION USE ONLY:
 DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

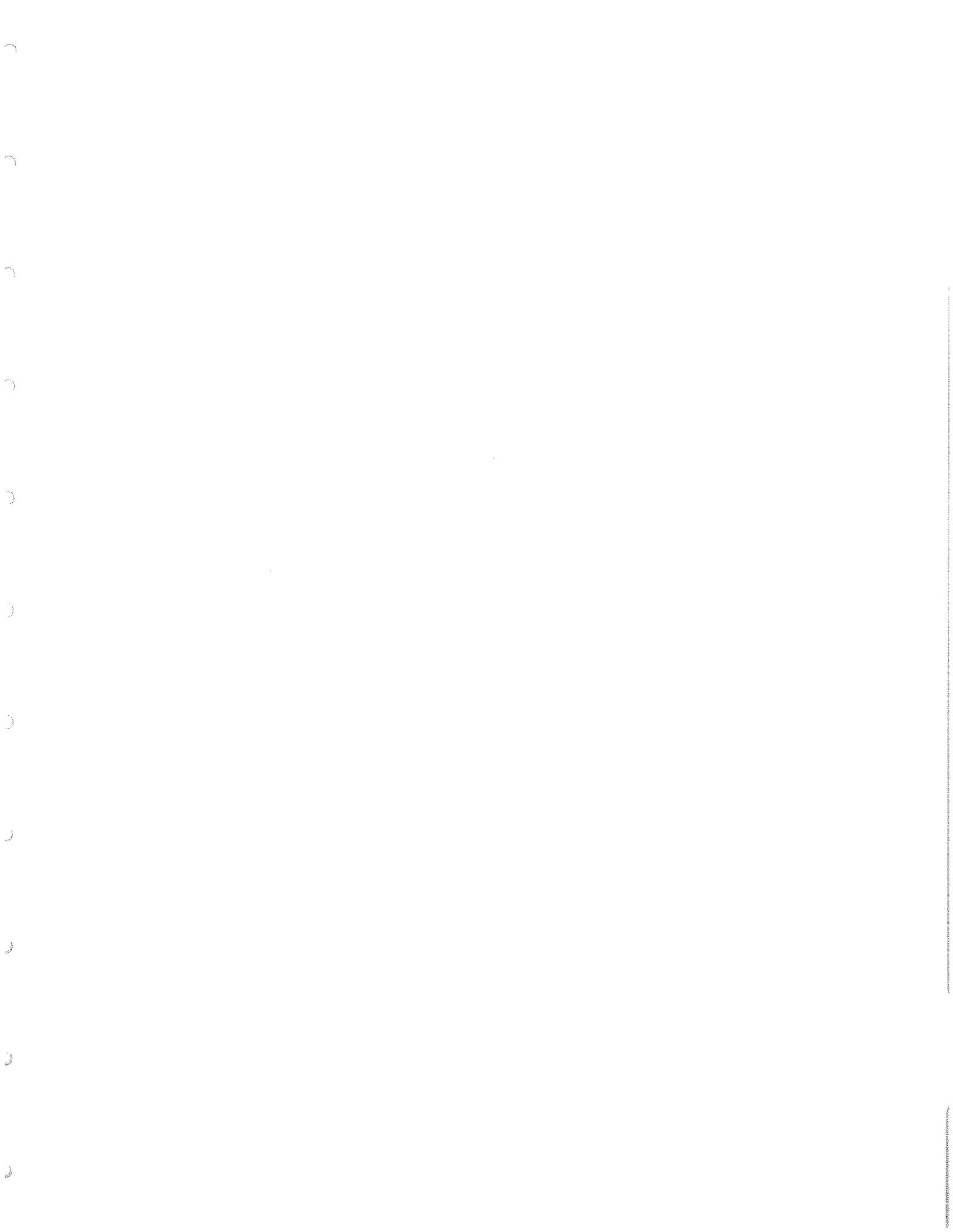
If you should have any questions concerning this form, please call the Commission.

10/11/01
879900.99001

WV Municipal Bond Commission
 8 Capitol Street, Ste-500
 Charleston, WV 25301
 (304) 568-3971

Attn: John Stump
 cc: Bernie, WDA

	Int Rate	October 18, 2001 Pay-off			Total	MBC Fee for Pay-off 0.27%	Pay-off Requirement	Rev & Res MBC 9/28 Balance	Fu
		Principal	Interest	Admin Fee					
Sun Valley PSD 87-A Sewer Revenue		not called, Infrastructure loan							
Sun Valley PSD 87-B Sewer Revenue - UMS	1%	300,000.00	-		300,000.00	810.00	300,810.00		
Sun Valley PSD 97-C Sewer Revenue - PEP	0%	255,000.00		232.03	255,232.03	689.13	255,921.16	7,616.59	
Sun Valley PSD 97-D S Construct Note - SR 6.25%		277,731.31	64,127.37		341,858.68	923.02	342,781.70		
Sun Valley PSD 98 Sewer Design Notes - UMS 0%		142,500.00		4,275.00	146,775.00	398.29	147,171.29		
Total					1,043,865.71	2,818.44	1,046,684.15	7,616.59	1



SUN VALLEY PUBLIC SERVICE DISTRICT

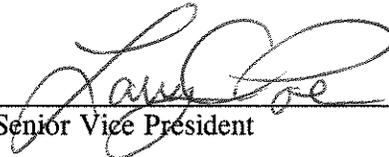
Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

FIRST NATIONAL BANK OF WEST UNION, West Union, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution and First Supplemental Resolution of Sun Valley Public Service District (the "Issuer"), both adopted June 26, 2001, and the Second Supplemental Resolution of the Issuer adopted October 9, 2001 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated October 18, 2001, issued in the principal amount of \$1,073,405 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

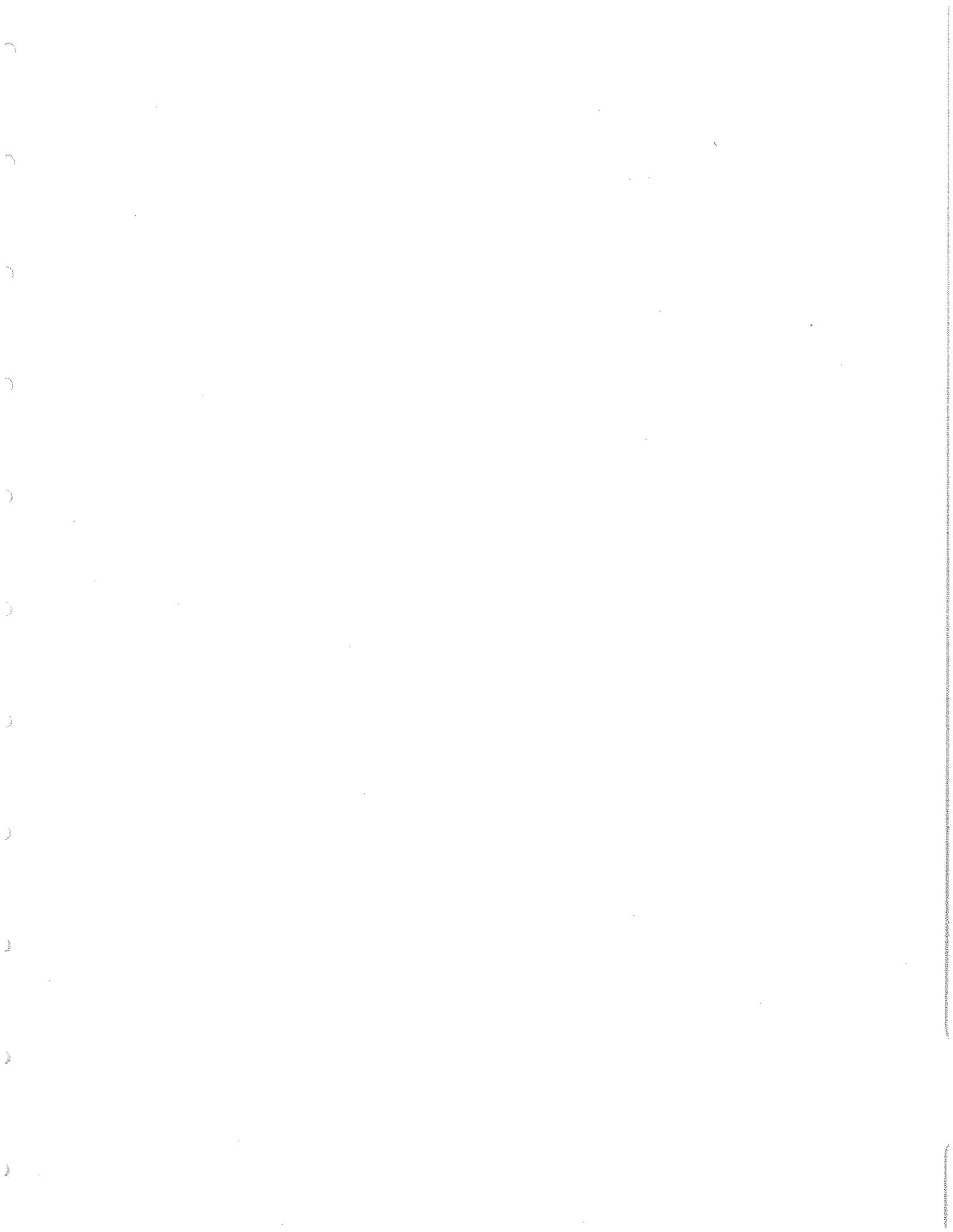
WITNESS my signature on this 18th day of October, 2001.

FIRST NATIONAL BANK OF WEST UNION



Senior Vice President

10/11/01
879900/99001



SUN VALLEY PUBLIC SERVICE DISTRICT

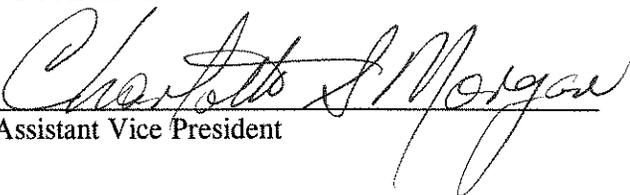
Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Sun Valley Public Service District Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated October 18, 2001, issued in the principal amount of \$1,073,405 (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 18th day of October, 2001.

BRANCH BANKING AND TRUST
COMPANY


Assistant Vice President

10/11/01
879900/99001

SUN VALLEY PUBLIC SERVICE DISTRICT

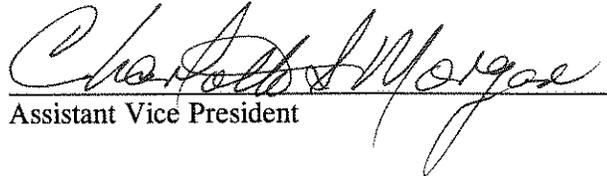
Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

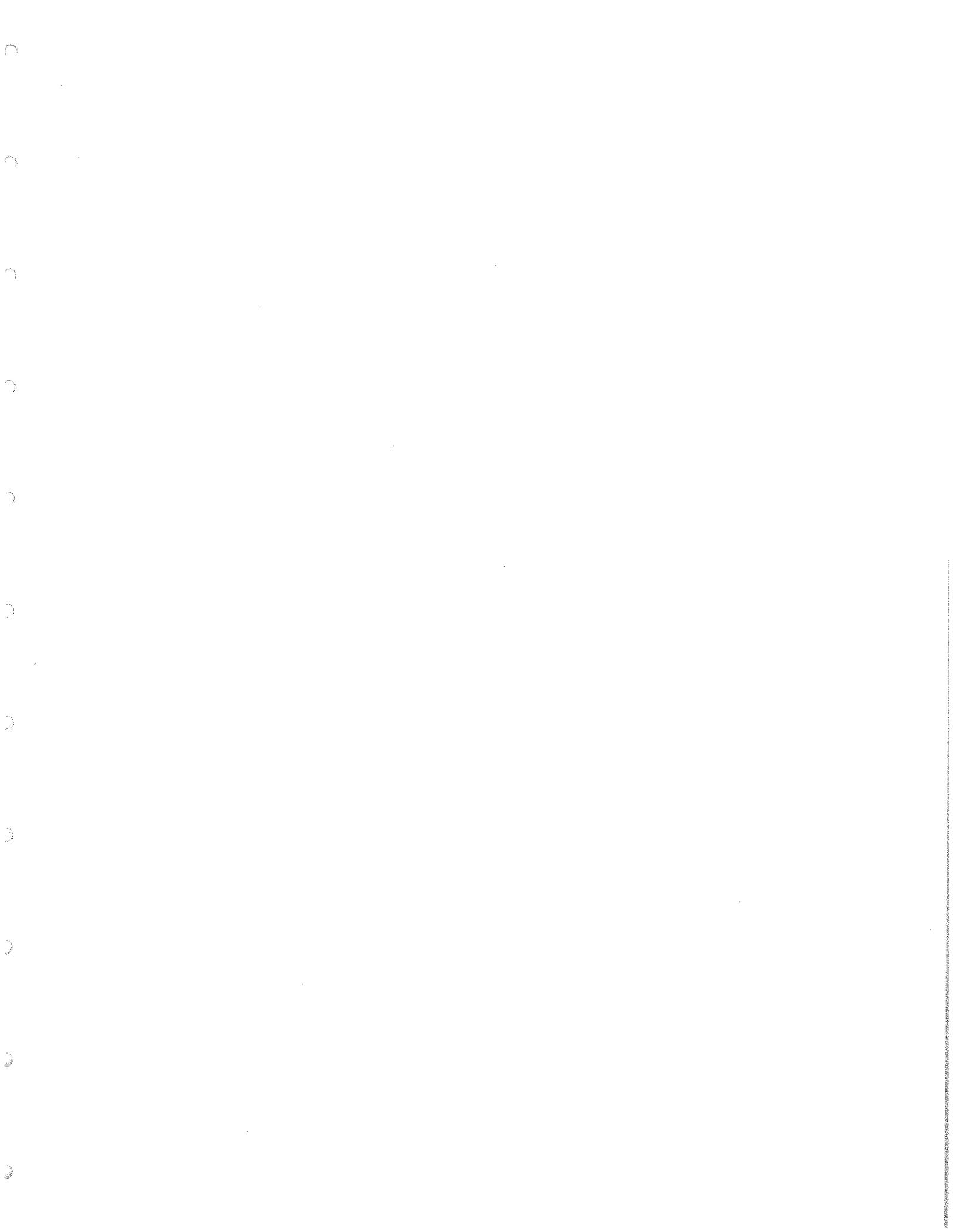
BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bonds, hereby certifies that on the date hereof, the single, fully registered Sun Valley Public Service District Sewer Refunding Revenue Bond, Series 2001 A (West Virginia Infrastructure Fund), dated October 18, 2001, in the principal amount of \$1,073,405, 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 Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 18th day of October, 2001.

BRANCH BANKING AND TRUST
COMPANY


Assistant Vice President

10/11/01
879900/99001



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of October, 2001, by and between SUN VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,073,405 Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution and First Supplemental Resolution of the Issuer duly adopted June 26, 2001, and the Second Supplemental Resolution of the Issuer duly adopted October 9, 2001 (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: Sun Valley Public Service District
Post Office Box 95
Reynoldsville, West Virginia 26422
Attention: Chairman

REGISTRAR: Branch Banking and Trust Company
Post Office Box 1793
300 Summers Street
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

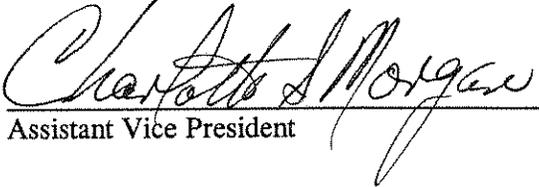
9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

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 above.

SUN VALLEY PUBLIC SERVICE DISTRICT


Chairman

BRANCH BANKING AND TRUST
COMPANY


Assistant Vice President

10/08/01
879900/99001

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2

SCHEDULE OF COMPENSATION



SUN VALLEY PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS,
SERIES 1997 A AND SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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SUN VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF SUN VALLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$853,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING 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 SUN VALLEY
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. Sun Valley 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 does not presently own or operate a public sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain public sewerage facilities of the Issuer, consisting of approximately 41,000 feet of gravity sewer line, approximately 4,600 feet of force sewer main and two pump stations, together with all appurtenant facilities to serve the Liberty, Wilsonburg, O'Neill and Chiefton areas of Harrison County (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (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.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$853,000 (the "Series 1997 A Bonds"), and the Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$300,000 (the "Series 1997 B Bonds"), each series initially to be represented by a single bond, 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 upon the 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 (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the 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 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 Bonds be sold to the Authority pursuant to the terms and provisions of the respective loan agreement to be entered into between the Issuer and the Authority, on behalf of the Council (as hereinafter defined), in form satisfactory to the Issuer, the Authority and the Council (collectively, the "Loan Agreement"), as shall be approved by a supplemental resolution of the Issuer.

G. The Series 1997 A Bonds and Series 1997 B Bonds shall be issued concurrently and on a parity as to liens, pledge and source of and security for payment with each other. There will also be issued concurrently on the Closing Date, additional obligations of the Issuer which will rank on a parity with the Series 1997 A Bonds and the Series 1997 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program) (the "Series 1997 C Bonds"), to be issued pursuant to a separate resolution adopted by the Issuer simultaneously herewith (the "Series 1997 C Bonds Resolution"). Other than the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Bonds (as hereinafter defined) and to make payments into all funds and accounts and other payments provided for herein and in the Series 1997 C Bonds Resolution (as hereinafter defined).

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 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the 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 hereinafter defined) as required under the Act, and the Council has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of 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 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, 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 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.

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

"Bonds" means, collectively, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1997 C Bonds and, where appropriate, any bonds on a parity therewith subsequently issued hereunder or pursuant to another resolution of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds or at least a de minimus portion thereof, representing the purchase price of the 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 Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System or portion thereof; 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 successor thereto.

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

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

"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 moneys 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 any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Sun Valley Public Service District, a public service district and a public corporation and a 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 collectively, the respective Loan Agreement to be entered into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the 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 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the 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 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee (as defined in the Series 1997 C Bonds Resolution), 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, if any, 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 moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined

in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers

recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State 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, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Reserve Account and the Series 1997 C Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the 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 1997 A Bonds" means the not more than \$853,000 aggregate principal amount of Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1997 A Bonds Construction Trust Fund" means the Series 1997 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account established in the Series 1997 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 A Bonds in the then current or any succeeding year.

"Series 1997 A Bonds Sinking Fund" means the Series 1997 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1997 B Bonds" means the not more than \$300,000 aggregate principal amount of Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1997 B Bonds Construction Trust Fund" means the Series 1997 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1997 B Bonds Reserve Account" means the Series 1997 B Bonds Reserve Account established in the Series 1997 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 B Bonds in the then current or any succeeding year.

"Series 1997 B Bonds Sinking Fund" means the Series 1997 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1997 C Bonds" means the not more than \$300,000 aggregate principal amount of Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program), of the Issuer.

"Series 1997 C Bonds Construction Trust Fund" means the Series 1997 C Bonds Construction Trust Fund pursuant to Section 5.01 of the Series 1997 C Bonds Resolution.

"Series 1997 C Bonds Reserve Account" means the Series 1997 C Bonds Reserve Account established in the Series 1997 C Bonds Sinking Fund pursuant to Section 5.02 of the Series 1997 C Bonds Resolution.

"Series 1997 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 C Bonds in the then current or any succeeding year.

"Series 1997 C Bonds Resolution" means the resolution of the Issuer adopted simultaneously herewith, authorizing the Series 1997 C Bonds.

"Series 1997 C Bonds Sinking Fund" means the Series 1997 C Bonds Sinking Fund established by Section 5.02 of the Series 1997 C Bonds Resolution.

"Sinking Funds" means, collectively, the Series 1997 A Bonds Sinking Fund, the Series 1997 B Bonds Sinking Fund and the Series 1997 C Bonds Sinking Fund.

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

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

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

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date 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 not to exceed \$2,799,775, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council.

The cost of the Project is estimated not to exceed \$2,799,775, of which approximately \$853,000 will be obtained from proceeds of the Series 1997 A Bonds, approximately \$300,000 will be obtained from proceeds of the Series 1997 B Bonds, approximately \$300,000 will be obtained from proceeds of the Series 1997 C Bonds, approximately \$121,160 from a grant by the United States Environmental Protection Agency, approximately \$750,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately \$475,615 from a grant by the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Bonds, funding reserve accounts for the Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Bonds of the Issuer. The Series 1997 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$853,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1997 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund)", in the principal amount of not more than \$300,000, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Bonds, if any, shall be deposited in or credited to the respective Bonds Construction Trust Fund of the Bonds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, 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 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 Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Bonds shall be issued in the form of a single bond of each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Holder 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, substantially corresponding to the principal installments or maturities of the Bonds being exchanged; provided that, the net

interest cost amount on the exchanged Bonds shall not exceed the net interest cost amount on the Bonds being exchanged; and provided further that, the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

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

Section 3.04. Authentication and Registration. No 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 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 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 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The 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 any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Parity Pledge of Net Revenues. The payment of the debt service of the Series 1997 A Bonds and Series 1997 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1997 C Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the 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 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 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 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1997 A Bonds and the Series 1997 B Bonds shall be in substantially the following respective 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 1997 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY PUBLIC SERVICE DISTRICT, a 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, 199__, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without interest, except that the final installment shall be paid at the end of forty years from the date of this Bond in the sum of the unpaid principal on the date thereof.

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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement entered into between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council, dated _____, 199__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve

account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance and related costs. 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 _____, 199__, and a Supplemental Resolution duly adopted by the Issuer on _____, 199__ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND) (THE "SERIES 1997 B BONDS") AND SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1997 C BONDS"), BOTH DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1997 B Bonds and the Series 1997 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 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 prior to or on a parity with the Bonds, including the Series 1997 B Bonds and the Series 1997 C Bonds; provided however, that so long as there exists in the Series 1997 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 prior to or on a parity with the Bonds, including the Series 1997 B Bonds and Series 1997 C 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 One Valley Bank, National Association, 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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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, SUN VALLEY PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Bond to be dated
_____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199__.

**ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar**

Authorized Officer

EXHIBIT A

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) \$	

TOTALS _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 1997 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY PUBLIC SERVICE DISTRICT, a 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 "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, or such earlier or later date as provided for in Section 5.03A(2) of the hereinafter defined Bond Legislation, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, or such earlier or later date as provided for in Section 5.03A(2) of the hereinafter defined Bond Legislation, at the rate per annum set forth on said EXHIBIT B, except that the final installment shall be paid at the end of forty years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement entered into between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council, dated _____, 199__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. 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 _____, 199__, and a Supplemental Resolution duly adopted by the Issuer on _____, 199__ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND) (THE "SERIES 1997 A BONDS") AND SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1997 C BONDS"), BOTH DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1997 A Bonds and the Series 1997 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services

rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1997 A Bonds and the Series 1997 C Bonds; provided however, that so long as there exists in the Series 1997 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1997 A Bonds and Series 1997 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, SUN VALLEY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199__.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

EXHIBIT A

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) \$	

TOTALS _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The 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.

Section 3.12. "Amended Schedule A" Filing. Within 60 days of the completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 1997 A Bonds Construction Trust Fund;
- (4) Series 1997 B Bonds Construction Trust Fund;
- (5) Series 1997 C Bonds Construction Trust Fund (established by the Series 1997 C Bonds Resolution); and
- (6) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1997 C Bonds Resolution) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1997 A Bonds Sinking Fund;
- (2) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account;
- (3) Series 1997 B Bonds Sinking Fund;
- (4) Within the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account;
- (5) Series 1997 C Bonds Sinking Fund (established by the Series 1997 C Bonds Resolution); and

(6) Within the Series 1997 C Bonds Sinking Fund, the Series 1997 C Bonds Reserve Account (established by the Series 1997 C Bonds Resolution).

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 in the Series 1997 C Bonds Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Series 1997 C Bonds Resolution. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 3 months prior to the first date of payment of interest on the Series 1997 B Bonds for which interest has not been capitalized or commencing the month after the last date of payment of principal of the Series 1997 C Bonds, whichever occurs first, remit to the Commission for deposit in the Series 1997 B Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on the Series 1997 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, (ii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 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 1997 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, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date, (iii) commencing 3 months prior to the first date of payment of principal of the Series 1997 B Bonds or commencing the month after the last date of payment of principal of the Series 1997 C Bonds, whichever occurs first, remit to the Commission for deposit in the Series 1997 B Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due

on the Series 1997 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date, and (iv) commencing 3 months prior to the first date of payment of principal of the Series 1997 C Bonds, remit to the Commission for deposit in the Series 1997 C Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 C Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 C Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, if not fully funded upon issuance of the Series 1997 A Bonds, remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1997 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1997 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 1997 A Bonds Reserve Requirement, (ii) commencing on the first day of the month after the Series 1997 C Bonds Reserve Account is fully funded, if not fully funded upon issuance of the Series 1997 B Bonds, remit to the Commission for deposit in the Series 1997 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1997 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1997 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1997 B Bonds Reserve Requirement, and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1997 C Bonds, if not fully funded upon issuance of the Series 1997 C Bonds, remit to the Commission for deposit in the Series 1997 C Bonds Reserve Account, an amount equal to 1/120 of the Series 1997 C Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1997 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1997 C Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1997 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 A Bonds as the same shall become due. Moneys in the Series 1997 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 A Bonds as the same shall come due, when other moneys in the Series 1997 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Moneys in the Series 1997 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 B Bonds as the same shall become due. Moneys in the Series 1997 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 B Bonds as the same shall come due, when other moneys in the Series 1997 B Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Funds and the Reserve Accounts (if equal to at least the Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bonds Construction Trust Fund of the Bonds, 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 Bonds, and then to the next ensuing principal payment due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Reserve Accounts which result in a reduction in the balance of the Reserve Accounts to below the respective Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made

in full to the Series 1997 A Bonds Sinking Fund, the Series 1997 B Bonds Sinking Fund and the Series 1997 C Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Sinking Funds or the Reserve Accounts therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the 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 for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds and the Reserve Accounts created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Sinking Funds and the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds under the conditions and restrictions hereinafter set forth.

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

C. 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 said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other

period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, and fees then due.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund and the Rebate Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and Section 5.03 of the Series 1997 C Bonds Resolution, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited, in the order set forth below:

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

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

C. Next, from the proceeds of the Bonds, there shall first be credited to the respective Bonds Construction Trust Fund of the Bonds and then paid, any borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Bonds, such moneys shall be deposited with the Depository Bank in the respective Bonds Construction Trust Fund of the Bonds and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Bonds shall be used as directed in writing by the Authority and the Council.

F. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the respective Bonds Construction Trust Fund of the Bonds and shall comply with all requirements with respect to the disposition of the respective Bonds Construction Trust Fund of the Bonds set forth in the Bond Legislation. Except with respect to any transfers to the

Rebate Fund permitted hereunder, moneys in the respective Bonds Construction Trust Fund of the Bonds shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

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

Except as provided in Section 6.01 hereof, disbursements from the respective Bonds Construction Trust Fund of the Bonds (except for the costs of issuance of the Bonds which shall be made upon request of the Issuer) shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

- (A) That none of the items for which the 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 made 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;
and
- (D) That payment for each of the items proposed is then due and owing.

All payments made from the respective Bonds Construction Trust Fund of the Bonds shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the respective Bonds Construction Trust Fund of the Bonds.

Pending such application, moneys in the respective Bonds Construction Trust Fund of the Bonds, including any accounts therein, 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 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 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Parity Pledge of Net Revenues. The payment of the debt service of the Series 1997 A Bonds and Series 1997 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1997 C Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of sewer rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered on December 16, 1996, in Case No. 96-0664-PSD-CN, and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the

System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds in such manner. Any balance remaining after the payment of all Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into such fund under this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bonds, and must have the prior written consent of the Authority and the Council.

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

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

mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution or the Series 1997 C Resolution then Outstanding;
and
- (3) The Parity Bonds then proposed to be issued.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 Bonds.

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

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority and the Council to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority 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, or its agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public

Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer 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 Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations 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 shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Bonds and shall submit said report to the Council, the Authority, or any other original purchaser of the 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 Loan Agreement, this Bond Legislation and the Act and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said

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 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1997 C Bonds; provided that, in the event amounts equal to or in excess of the Reserve Requirement are on deposit in the respective Reserve Accounts and any reserve accounts for obligations prior to or on a parity with the Bonds, including the Series 1997 C 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 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1997 C Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the Public Service Commission order described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report.

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

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and the Council and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation, the Loan Agreement and the Act and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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 as Exhibit C, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority 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 resident 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 resident engineer shall certify to the Council, the Authority and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Bonds are Outstanding.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of

such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either 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 any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer and 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 for 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 also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as

a revenue producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement, the Act and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. Notwithstanding anything herein to the contrary, the Issuer shall provide the Council with copies of all documents submitted to the Authority.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the 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 Bonds during the term thereof is, under the terms of the 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 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 Bonds during the term thereof is, under the terms of the 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 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 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 that portion of the Project to which such Private Business Use is related, all of the foregoing to 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 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and the interest, if any, 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 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the 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 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1997 C Bonds.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return

with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained,

records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all rebates, interest, penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

(4) If default occurs with respect to the Series 1997 C Bonds or the Series 1997 C Bonds Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the 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 Bonds shall be on a parity with the Holders of the Series 1997 C 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 said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of the 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 moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the 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, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the 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 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 Series 1997 C Bonds Resolution, the Supplemental Resolutions thereto, or the 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 Series 1997 C Bonds Resolution, the more restrictive provision shall control.

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

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

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

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

Adopted this 8th day of April, 1997.

Ronald B. Phillips
Chairman

Gay J. Thibault
Member

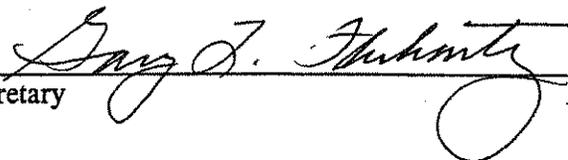
William R. Holtz
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of SUN VALLEY PUBLIC SERVICE DISTRICT on the 8th day of April, 1997.

Dated: April 10, 1997.

[SEAL]


Secretary

04/02/97
SUNJM.A3
879900/93001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1997 A (West Virginia Infrastructure Fund)
and Series 1997 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF SUN VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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 Sun Valley Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective April 8, 1997 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF SUN VALLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$853,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND

DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 1997 A Bonds" and the "Series 1997 B Bonds"), in the respective aggregate principal amounts of not to exceed \$853,000 and \$300,000, and has authorized the execution and delivery of the respective loan agreement relating to the Bonds (collectively, 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 provision, 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 entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price 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 SUN VALLEY PUBLIC SERVICE DISTRICT:

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

A. Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$853,000. The Series 1997 A Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal of the Series 1997 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1998, and ending March 1, 2037, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1997 A Bonds. The Series 1997 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a 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 1997 A Bonds.

B. Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$300,000. The Series 1997 B Bonds shall be dated the date of delivery thereof and shall bear interest at the rate of 1% per annum. The principal of and interest on the Series 1997 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2018, or such earlier or later date as provided for in Section 5.03A(2) of the Bond Resolution, and ending March 1, 2037, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1997 B Bonds. The Series 1997 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and 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 1997 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve 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 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 One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds 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 direct 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 direct First National Bank in West Union, Salem, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 1997 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1997 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 A Bonds Reserve Account.

Section 9. Series 1997 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1997 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 1997 A Bonds Construction Trust Fund and the Series 1997 B Bonds Construction Trust Fund, respectively, as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about April 10, 1997, to the Authority pursuant to the Loan Agreement.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of April, 1997.

Donald B. Phillips
Chairman

Gay J. Furber
Member

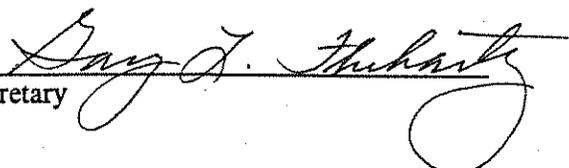
William R. Holz
Member

CERTIFICATION

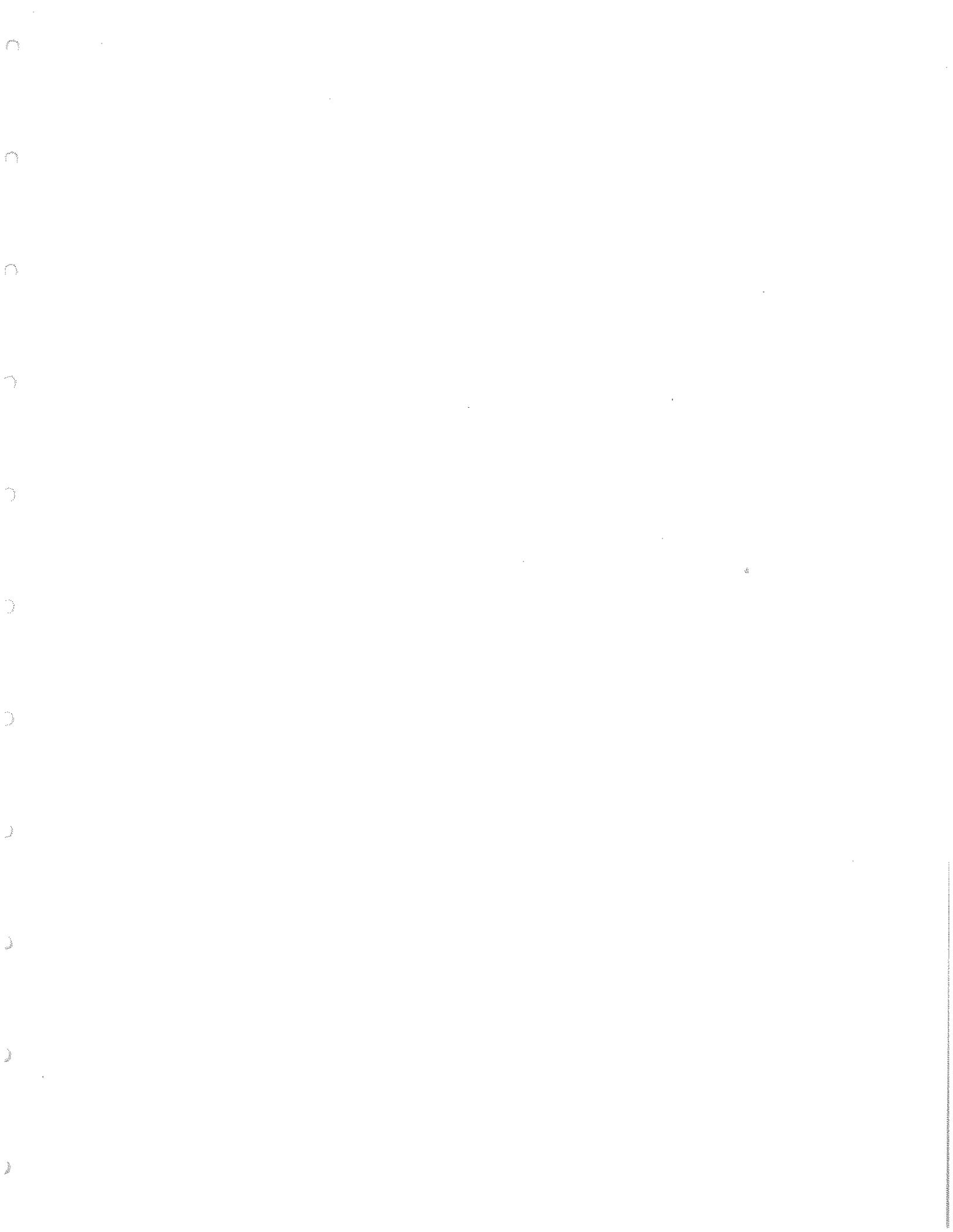
Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Sun Valley Public Service District on the 8th day of April, 1997.

Dated: April 10, 1997.

[SEAL]


Secretary

04/02/97
SUNJM.B3
879900/93001





State of West Virginia
WATER DEVELOPMENT AUTHORITY

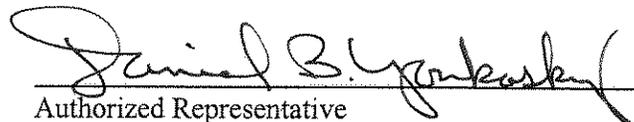
180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

October 18, 2001

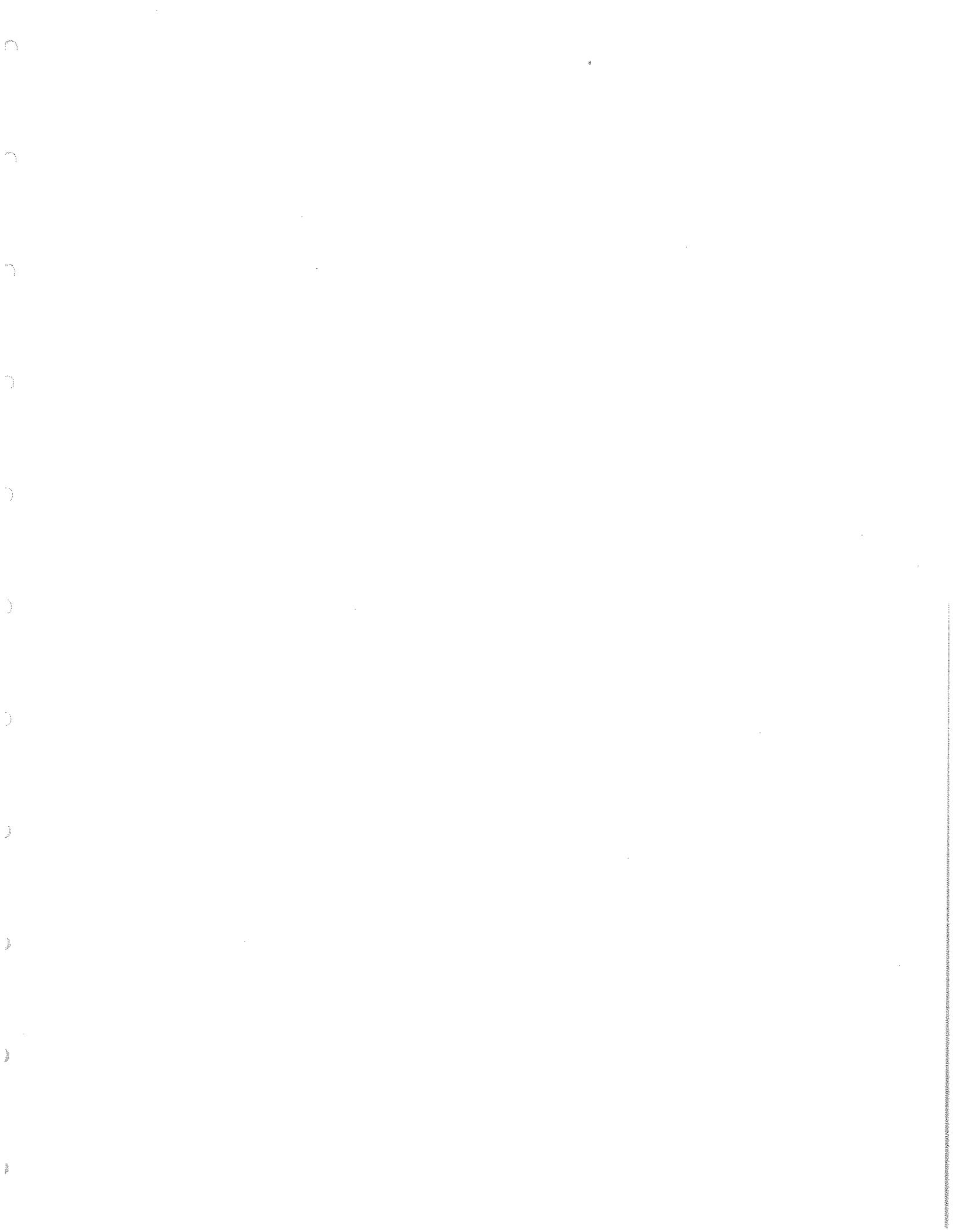
Sun Valley Public Service District
Sewer Refunding Revenue Bonds, Series 2001 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative of West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1997 A Bonds (as hereinafter defined) of the Sun Valley Public Service District (the "Issuer"), hereby consents to the issuance of the Sewer Refunding Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) (the "Bonds"), dated October 18, 2001, in the original aggregate principal amount of \$1,073,405, by the Issuer, under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund) (the "Series 1997 A Bonds").



Authorized Representative



SUN VALLEY PUBLIC SERVICE DISTRICT

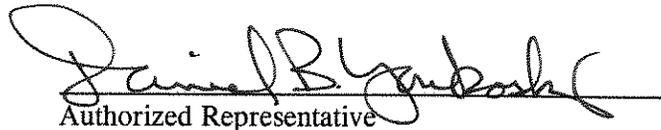
Sewer Refunding Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

RECEIPT FOR PAYMENT OF SERIES 1997 B BONDS

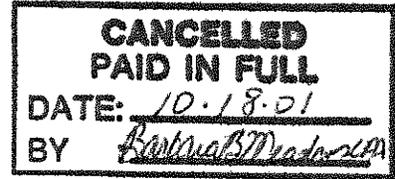
The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund) (the "Series 1997 B Bonds"), of Sun Valley Public Service District (the "Issuer"), dated April 10, 1997, in the original aggregate principal amount of \$300,000, hereby certifies that it has received the sum of \$300,000 from the Issuer and that such sum is sufficient to pay the entire principal of and interest accrued on the Series 1997 B Bonds to the date hereof and discharge the liens, pledges and encumbrances securing the Series 1997 B Bonds.

Dated this 18th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

10/11/01
879900/99001



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$300,000

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY PUBLIC SERVICE DISTRICT, a 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 THREE HUNDRED THOUSAND DOLLARS (\$300,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2018, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, or such earlier or later date as provided for in Section 5.03A(2) of the hereinafter defined Bond Legislation, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2018, or such earlier or later date as provided for in Section 5.03A(2) of the hereinafter defined Bond Legislation, at the rate per annum set forth on said EXHIBIT B, except that the final installment shall be paid at the end of forty years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

**CANCELLED
PAID IN FULL**
DATE: 10.18.01
BY : BJM

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 prior to or on a parity with the Bonds, including the Series 1997 A Bonds and the Series 1997 C Bonds; provided however, that so long as there exists in the Series 1997 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1997 A Bonds and Series 1997 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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

**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY : BBM

Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, SUN VALLEY 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 April 10, 1997.

[SEAL]

Donald B. Phillips
Chairman

ATTEST:

Say Z. Shubert
Secretary

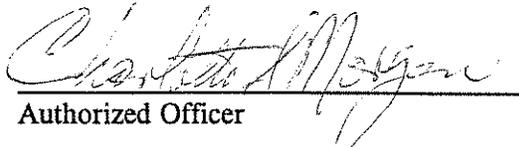
**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY : tbm

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 10, 1997.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar


Authorized Officer

CANCELLED
 PAID IN FULL
 DATE: 10-18-01
 BY : ABM

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$15,000	4-10-97	(19) \$	
(2) \$ 3,926	11/19/97	(20) \$	
(3) \$ 172,131	12/22/97	(21) \$	
(4) \$ 108,943	01/29/98	(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 \$ 300,000

WEST VIRGINIA INFRASTRUCTURE FUND

Loan closed 04/10/97

10/15/98 c Municipal Bond Commission
 Infrastructure Council
 Water Development Authority
 Sun Valley Public Service District
 Steptoe & Johnson
 Jackson & Kelly

EXHIBIT B.

SCHEDULE OF ANNUAL DEBT SERVICE

CANCELLED PAID IN FULL
DATE: <u>10.18.01</u>
BY: <u>RBM</u>

Sun Valley PSD, West Virginia
(Phase I) - Loan II
\$300,000, 1% Interest, 20 Years
Beginning 9/1/18
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2018				
12/01/2018	3,695.66	1.000%	750.00	4,445.66
3/01/2019	3,704.90	1.000%	740.76	4,445.66
6/01/2019	3,714.16	1.000%	731.50	4,445.66
9/01/2019	3,723.45	1.000%	722.21	4,445.66
12/01/2019	3,732.76	1.000%	712.90	4,445.66
3/01/2020	3,742.09	1.000%	703.57	4,445.66
6/01/2020	3,751.44	1.000%	694.22	4,445.66
9/01/2020	3,760.82	1.000%	684.84	4,445.66
12/01/2020	3,770.22	1.000%	675.44	4,445.66
3/01/2021	3,779.65	1.000%	666.01	4,445.66
6/01/2021	3,789.10	1.000%	656.56	4,445.66
9/01/2021	3,798.57	1.000%	647.09	4,445.66
12/01/2021	3,808.07	1.000%	637.59	4,445.66
3/01/2022	3,817.59	1.000%	628.07	4,445.66
6/01/2022	3,827.13	1.000%	618.53	4,445.66
9/01/2022	3,836.70	1.000%	608.96	4,445.66
12/01/2022	3,846.29	1.000%	599.37	4,445.66
3/01/2023	3,855.91	1.000%	589.75	4,445.66
6/01/2023	3,865.55	1.000%	580.11	4,445.66
9/01/2023	3,875.21	1.000%	570.45	4,445.66
12/01/2023	3,884.90	1.000%	560.76	4,445.66
3/01/2024	3,894.61	1.000%	551.05	4,445.66
6/01/2024	3,904.35	1.000%	541.31	4,445.66
9/01/2024	3,914.11	1.000%	531.55	4,445.66
12/01/2024	3,923.89	1.000%	521.77	4,445.66
3/01/2025	3,933.70	1.000%	511.96	4,445.66
6/01/2025	3,943.54	1.000%	502.12	4,445.66
9/01/2025	3,953.40	1.000%	492.26	4,445.66
12/01/2025	3,963.28	1.000%	482.38	4,445.66
3/01/2026	3,973.19	1.000%	472.47	4,445.66
6/01/2026	3,983.12	1.000%	462.54	4,445.66
9/01/2026	3,993.08	1.000%	452.58	4,445.66
12/01/2026	4,003.06	1.000%	442.60	4,445.66
3/01/2027	4,013.07	1.000%	432.59	4,445.66
6/01/2027	4,023.10	1.000%	422.56	4,445.66
9/01/2027	4,033.16	1.000%	412.50	4,445.66
12/01/2027	4,043.24	1.000%	402.42	4,445.66
3/01/2028	4,053.35	1.000%	392.31	4,445.66
6/01/2028	4,063.49	1.000%	382.18	4,445.67
9/01/2028	4,073.64	1.000%	372.02	4,445.66
12/01/2028	4,083.83	1.000%	361.83	4,445.66
3/01/2029	4,094.04	1.000%	351.62	4,445.66
6/01/2029	4,104.27	1.000%	341.39	4,445.66
9/01/2029	4,114.53	1.000%	331.13	4,445.66
12/01/2029	4,124.82	1.000%	320.84	4,445.66
3/01/2030	4,135.13	1.000%	310.53	4,445.66

CANCELLED
PAID IN FULL
DATE AID IN F
 BY = 10.18.21
 J. R. RYAN

Sun Valley PSD, West Virginia
 (Phase I) - Loan II
 \$300,000, 1% Interest, 20 Years
 Beginning 9/1/18
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2030	4,145.47	1.000%	300.19	4,445.66
9/01/2030	4,155.83	1.000%	289.83	4,445.66
12/01/2030	4,166.22	1.000%	279.44	4,445.66
3/01/2031	4,176.64	1.000%	269.02	4,445.66
6/01/2031	4,187.08	1.000%	258.58	4,445.66
9/01/2031	4,197.55	1.000%	248.11	4,445.66
12/01/2031	4,208.04	1.000%	237.62	4,445.66
3/01/2032	4,218.56	1.000%	227.10	4,445.66
6/01/2032	4,229.11	1.000%	216.55	4,445.66
9/01/2032	4,239.68	1.000%	205.98	4,445.66
12/01/2032	4,250.28	1.000%	195.38	4,445.66
3/01/2033	4,260.91	1.000%	184.76	4,445.67
6/01/2033	4,271.56	1.000%	174.10	4,445.66
9/01/2033	4,282.24	1.000%	163.42	4,445.66
12/01/2033	4,292.94	1.000%	152.72	4,445.66
3/01/2034	4,303.67	1.000%	141.99	4,445.66
6/01/2034	4,314.43	1.000%	131.23	4,445.66
9/01/2034	4,325.22	1.000%	120.44	4,445.66
12/01/2034	4,336.03	1.000%	109.63	4,445.66
3/01/2035	4,346.87	1.000%	98.79	4,445.66
6/01/2035	4,357.74	1.000%	87.92	4,445.66
9/01/2035	4,368.63	1.000%	77.03	4,445.66
12/01/2035	4,379.56	1.000%	66.11	4,445.67
3/01/2036	4,390.51	1.000%	55.16	4,445.67
6/01/2036	4,401.48	1.000%	44.18	4,445.66
9/01/2036	4,412.48	1.000%	33.18	4,445.66
12/01/2036	4,423.52	1.000%	22.15	4,445.67
3/01/2037	4,434.58	1.000%	11.09	4,445.67
TOTAL	300,000.00	-	28,978.90	328,978.90

YIELD STATISTICS

Bond Year Dollars.....	\$2,897.89
Average Life.....	9.660 Years
Average Coupon.....	0.9999994%
Net Interest Cost (NIC).....	1.0000512%
True Interest Cost (TIC).....	1.0013046%
Bond Yield for Arbitrage Purposes.....	1.0013046%
All Inclusive Cost (AIC).....	1.0013046%
IRS FORM 8038	
Net Interest Cost.....	1.0000561%
Weighted Average Maturity.....	9.660 Years

**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY : BBM

ASSIGNMENT

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

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

Dated: _____.

In the presence of:

SUN VALLEY PUBLIC SERVICE DISTRICT

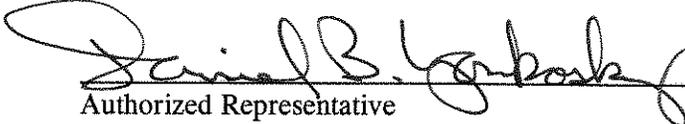
Sewer Refunding Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

RECEIPT FOR PAYMENT OF SERIES 1997 C BONDS

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding Sewer Revenue Bonds, Series 1997 C (West Virginia SRF Program) (the "Series 1997 C Bonds"), of Sun Valley Public Service District (the "Issuer"), dated April 10, 1997, in the original aggregate principal amount of \$300,000, hereby certifies that it has received the sum of \$255,232.03 from the Issuer and that such sum is sufficient to pay the entire principal of, interest accrued on and administrative fee for the Series 1997 C Bonds to the date hereof and discharge the liens, pledges and encumbrances securing the Series 1997 C Bonds.

Dated this 18th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

10/11/01
879900/99001

**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY: Barbara B. Meadows

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1997 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1

\$300,000

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY PUBLIC SERVICE DISTRICT, a 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 THREE HUNDRED THOUSAND DOLLARS (\$300,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1998, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1998, as set forth on EXHIBIT B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated February 7, 1997.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance and related costs for the Bonds of this Series (the "Bonds"). The Project and any further improvements or extensions thereto are herein called the

CANCELLED
PAID IN FULL
DATE: 10.18.01
BY : BMM

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on April 8, 1997, and a Supplemental Resolution duly adopted by the Issuer on April 8, 1997 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND) (THE "SERIES 1997 A BONDS"), AND SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND) (THE "SERIES 1997 B BONDS"), BOTH DATED APRIL 10, 1997, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1997 A Bonds and Series 1997 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1997 A Bonds and the Series 1997 B Bonds; provided however, that so long as there exists in the Series 1997 C Bonds Reserve Account an amount at

**CANCELLED
PAID IN FULL**
DATE: 10.18.01
BY : BHM

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 prior to or on a parity with the Bonds, including the Series 1997 A Bonds and the Series 1997 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, 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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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.

CANCELLED
PAID IN FULL
DATE: 10-18-01
BY : BM

IN WITNESS WHEREOF, SUN VALLEY 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 April 10, 1997.

[SEAL]

Donald B. Phillips
Chairman

ATTEST:

Ray L. Thibault
Secretary

**CANCELLED
PAID IN FULL**
DATE: 10.18.01
BY : BBM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 10, 1997.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar



Authorized Officer

WEST VIRGINIA STATE REVOLVING FUND

CANCELLED PAID IN FULL	
DATE:	<u>10-18-01</u>
BY :	<u>BGM</u>

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$20,000	4-10-97	(19)	\$	
(2)	\$150,475	05/16/97	(20)	\$	
(3)	\$114,525	06/17/97	(21)	\$	
(4)	\$ 15,000	08/20/98	(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 \$ 300,000

Loan closed April 10, 1997

10/06/98 c Municipal Bond Commission
 Division of Environmental Protection
 Water Development Authority
 Jackson & Kelly
 Steptoe & Johnson
 Sun Valley Public Service District

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

CANCELLED
PAID IN FULL
 DATE: 10-18-01
 BY: BBM

Sun Valley PSD, West Virginia
 \$300,000 SRF Loan
 0% Interest, 1% Administrative Fee
 20 Years
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1998	-	-	-
12/01/1998	3,750.00	-	3,750.00
3/01/1999	3,750.00	-	3,750.00
6/01/1999	3,750.00	-	3,750.00
9/01/1999	3,750.00	-	3,750.00
12/01/1999	3,750.00	-	3,750.00
3/01/2000	3,750.00	-	3,750.00
6/01/2000	3,750.00	-	3,750.00
9/01/2000	3,750.00	-	3,750.00
12/01/2000	3,750.00	-	3,750.00
3/01/2001	3,750.00	-	3,750.00
6/01/2001	3,750.00	-	3,750.00
9/01/2001	3,750.00	-	3,750.00
12/01/2001	3,750.00	-	3,750.00
3/01/2002	3,750.00	-	3,750.00
6/01/2002	3,750.00	-	3,750.00
9/01/2002	3,750.00	-	3,750.00
12/01/2002	3,750.00	-	3,750.00
3/01/2003	3,750.00	-	3,750.00
6/01/2003	3,750.00	-	3,750.00
9/01/2003	3,750.00	-	3,750.00
12/01/2003	3,750.00	-	3,750.00
3/01/2004	3,750.00	-	3,750.00
6/01/2004	3,750.00	-	3,750.00
9/01/2004	3,750.00	-	3,750.00
12/01/2004	3,750.00	-	3,750.00
3/01/2005	3,750.00	-	3,750.00
6/01/2005	3,750.00	-	3,750.00
9/01/2005	3,750.00	-	3,750.00
12/01/2005	3,750.00	-	3,750.00
3/01/2006	3,750.00	-	3,750.00
6/01/2006	3,750.00	-	3,750.00
9/01/2006	3,750.00	-	3,750.00
12/01/2006	3,750.00	-	3,750.00
3/01/2007	3,750.00	-	3,750.00
6/01/2007	3,750.00	-	3,750.00
9/01/2007	3,750.00	-	3,750.00
12/01/2007	3,750.00	-	3,750.00
3/01/2008	3,750.00	-	3,750.00
6/01/2008	3,750.00	-	3,750.00
9/01/2008	3,750.00	-	3,750.00
12/01/2008	3,750.00	-	3,750.00
3/01/2009	3,750.00	-	3,750.00
6/01/2009	3,750.00	-	3,750.00
9/01/2009	3,750.00	-	3,750.00
12/01/2009	3,750.00	-	3,750.00
3/01/2010	3,750.00	-	3,750.00

**CANCELLED
PAID IN FULL**

DATE: 10-18-01
BY: BBM

Sun Valley PSD, West Virginia
\$300,000 SRF Loan
0% Interest, 1% Administrative Fee
20 Years
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2010	3,750.00	-	3,750.00
9/01/2010	3,750.00	-	3,750.00
12/01/2010	3,750.00	-	3,750.00
3/01/2011	3,750.00	-	3,750.00
6/01/2011	3,750.00	-	3,750.00
9/01/2011	3,750.00	-	3,750.00
12/01/2011	3,750.00	-	3,750.00
3/01/2012	3,750.00	-	3,750.00
6/01/2012	3,750.00	-	3,750.00
9/01/2012	3,750.00	-	3,750.00
12/01/2012	3,750.00	-	3,750.00
3/01/2013	3,750.00	-	3,750.00
6/01/2013	3,750.00	-	3,750.00
9/01/2013	3,750.00	-	3,750.00
12/01/2013	3,750.00	-	3,750.00
3/01/2014	3,750.00	-	3,750.00
6/01/2014	3,750.00	-	3,750.00
9/01/2014	3,750.00	-	3,750.00
12/01/2014	3,750.00	-	3,750.00
3/01/2015	3,750.00	-	3,750.00
6/01/2015	3,750.00	-	3,750.00
9/01/2015	3,750.00	-	3,750.00
12/01/2015	3,750.00	-	3,750.00
3/01/2016	3,750.00	-	3,750.00
6/01/2016	3,750.00	-	3,750.00
9/01/2016	3,750.00	-	3,750.00
12/01/2016	3,750.00	-	3,750.00
3/01/2017	3,750.00	-	3,750.00
6/01/2017	3,750.00	-	3,750.00
9/01/2017	3,750.00	-	3,750.00
12/01/2017	3,750.00	-	3,750.00
3/01/2018	3,750.00	-	3,750.00
6/01/2018	3,750.00	-	3,750.00
9/01/2018	3,750.00	-	3,750.00
TOTAL	300,000.00	-	300,000.00 *

*Plus one-percent annual administrative fee paid quarterly in the amount of \$379.69. The total administrative fee over the life of the loan is \$30,375.20.

CANCELLED
PAID IN FULL
DATE: 10-18-01
BY : BBM

ASSIGNMENT

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

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

Dated: _____

In the presence of:



SUN VALLEY PUBLIC SERVICE DISTRICT

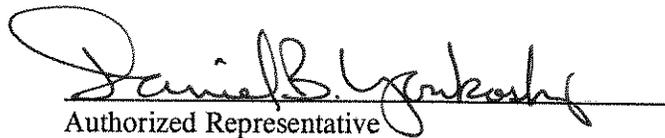
Sewer Refunding Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

RECEIPT FOR PAYMENT OF SERIES 1997 NOTES

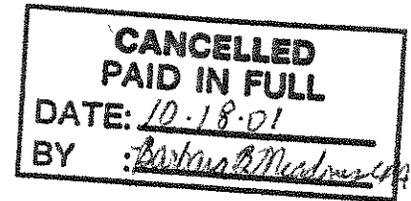
The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding Sewerage System Construction Notes, Series 1997 (the "Series 1997 Notes"), of Sun Valley Public Service District (the "Issuer"), dated November 24, 1997, in the original aggregate principal amount of \$385,000, hereby certifies that it has received the sum of \$341,858.68 from the Issuer and that such sum is sufficient to pay the entire principal of and interest accrued on the Series 1997 Notes to the date hereof and discharge the liens, pledges and encumbrances securing the Series 1997 Notes.

Dated this 18th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

10/08/01
879900/99001



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM CONSTRUCTION NOTE, SERIES 1997

No. R-1

\$385,000

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY 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 sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, the principal sum of THREE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$385,000), 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 hereto and incorporated herein by reference as a part hereof, together with interest at the rate of 6.25% per annum. If not sooner paid, the entire principal amount of this Note, together with all accrued interest, shall be due and payable on December 1, 1998. Interest shall be computed on the basis of a year of 360 days and 12 months of 30 days each, payable for the actual number of days elapsed during any portion of a month.

The principal of and interest on this Note are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Note is subject to prepayment of principal and interest to the date of prepayment in whole or in part at any time, without penalty.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) to pay the costs of issuance hereof and related costs. The Project and any further extensions and improvements thereto are herein called the "System." This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Notes Resolution duly adopted by the Issuer on November 17, 1997, and a Supplemental Resolution duly adopted by the Issuer on November 17, 1997 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

**CANCELLED
PAID IN FULL**
DATE: 10.18.01
BY : BMM

The principal of and interest on this Note are payable only from and secured by a first lien on (i) the proceeds of any grants or other financial assistance to be received by the Issuer for the System; (ii) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes to permanently finance the costs of acquisition and construction of the Project; and (iii) Surplus Revenues, if any, derived from the operation of the System. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of and interest on this Note.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to said Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of this Note.

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 Note have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY : BBM

IN WITNESS WHEREOF, SUN VALLEY PUBLIC SERVICE DISTRICT
has caused this Note to be signed by its Chairman and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Note to be dated November 24,
1997.

SUN VALLEY PUBLIC SERVICE DISTRICT

[SEAL]

Gary A. Schubert
Chairman

ATTEST:

Emma Cleverger
Secretary

**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY : BMM

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$32,900	11/24/97	(7) \$	
(2) \$46,501	5/01/98	(8) \$	
(3) \$146,311	5/28/98	(9) \$	
(4) \$ 29,137	6/29/98	(10) \$	
(5) \$ 36,911	8/27/98	(11) \$	
(6) \$ 62,285	9/28/98	(12) \$	
	TOTAL	\$	<u>354,045</u>

**CANCELLED
PAID IN FULL**
DATE: 10.18.01
BY : BBM

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:



SUN VALLEY PUBLIC SERVICE DISTRICT

Sewer Refunding Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

RECEIPT FOR PAYMENT OF SERIES 1998 NOTES

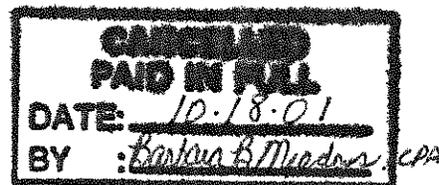
The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) ("Series 1998 Notes"), of Sun Valley Public Service District (the "Issuer"), dated February 23, 1998, in the original aggregate principal amount of \$142,500, hereby certifies that it has received the sum of \$146,775.00 from the Issuer and that such sum is sufficient to pay the entire principal of, interest accrued on and administrative fee for the Series 1998 Notes to the date hereof and discharge the liens, pledges and encumbrances securing the Series 1998 Notes.

Dated this 18th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

10/08/01
879900/99001



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SUN VALLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN NOTE, SERIES 1998
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

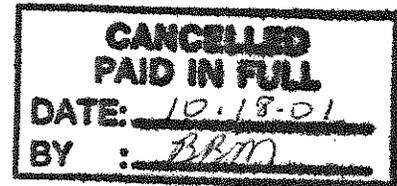
\$142,500

KNOW ALL MEN BY THESE PRESENTS: That SUN VALLEY 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 sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the 23rd day of February, 2001, the principal sum of ONE HUNDRED FORTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$142,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached hereto and incorporated herein by reference as a part hereof, with no interest. The Administrative Fee (as defined in the hereinafter described Notes Legislation) shall be payable in the amounts and on the dates as set forth in the Loan Agreement (as hereinafter defined).

The principal of this Note and the Administrative Fee are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated February 23, 1998, by and between the Issuer and the Authority, on behalf of the Council.

This Note is issued (i) to temporarily finance a portion of the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"), and (ii) to pay the costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System". This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution duly



adopted by the Issuer on February 19, 1998, and a Supplemental Resolution duly adopted by the Issuer on February 19, 1998 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

THIS NOTE IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING OBLIGATIONS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 10, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$853,000 (THE "SERIES 1997 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 10, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000 (THE "SERIES 1997 B BONDS");

(3) SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA SRF PROGRAM), DATED APRIL 10, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000 (THE "SERIES 1997 C BONDS"); AND

(4) SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1997, DATED NOVEMBER 24, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$385,000 (THE "SERIES 1997 NOTES").

The principal of this Note is payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of this Note; and (3) Surplus Revenues (as defined in the Notes Legislation), if any. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received

**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY : BBM

for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of design of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

**CANCELLED
PAID IN FULL**
DATE: 10.18.01
BY : ABM

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

**CANCELLED
PAID IN FULL**
DATE: 10.18.01
BY : BEM

IN WITNESS WHEREOF, SUN VALLEY PUBLIC SERVICE DISTRICT
has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Note to be dated February 23, 1998.

[SEAL]

Gay E. Schubert
Chairperson

Attest:

Emma Clevenger
Secretary

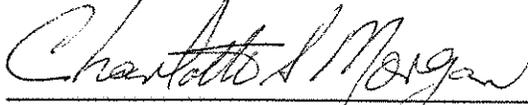
**CANCELLED
PAID IN FULL**
DATE: 10-18-01
BY : BMM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: February 23, 1998.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
Registrar



Authorized Officer

**CANCELLED
PAID IN FULL**
DATE: BPM
BY : 10.18.01

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

IN THE PRESENCE OF:

**CANCELLED
PAID IN FULL**

DATE: 10.18.01
 BY : BMM

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$21,525	2-23-98	(7)	\$	
(2)	\$ 15,675	05/28/98	(8)	\$	
(3)	\$ 37,050	09/17/98	(9)	\$	
(4)	\$ 68,250	09/25/98	(10)	\$	
(5)	\$		(11)	\$	
(6)	\$		(12)	\$	
TOTAL				\$ 142,500	

WEST VIRGINIA INFRASTRUCTURE FUND

Loan closed 02/23/98

10/15/98 c Municipal Bond Commission
 Infrastructure Council
 Water Development Authority
 Sun Valley Public Service District
 Steptoe & Johnson
 Jackson & Kelly



