

**HAYMOND PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)**

**BOND TRANSCRIPT**

**Table of Contents**

**BASIC DOCUMENTS**

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

## **OPINIONS OF COUNSEL**

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

## **CERTIFICATES**

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

## **DOCUMENTS OF THE ISSUER**

19. County Commission Orders Creating District
20. County Commission Orders Appointing Current Boardmembers
21. Oaths of Office of Current Boardmembers
22. Rules of Procedure
23. Affidavit of Publication on Prefiling Notice
24. Minutes of Organizational Meeting
25. Minutes of Adoption of Rules of Procedure, Bond Resolution, Supplemental Resolution and First Draw Resolution
26. Municipal Bond Commission New Issue Reports

## **MISCELLANEOUS DOCUMENTS**

27. Acceptance of Appointment as Depository Bank
28. Acceptance of Duties as Registrar
29. Certificate of Registration of Bonds
30. Registrar's Agreement
31. Consent of RUS to Issuance of Parity Bonds
32. Bureau of Public Health Permit
33. Evidence of Insurance
34. Receipt of Payment of Prior Notes
35. Letter from Taylor County Public Service District
36. Series 1986 Bond Resolution
37. Closing Memorandum

HAYMOND PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATERWORKS SYSTEM REFUNDING BOND ANTICIPATION NOTE, SERIES 2003; AND AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF HAYMOND PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); AND NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HAYMOND 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. Haymond Public Service District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Taylor and Preston Counties of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, consisting of constructing three (3) extensions along County Route 26, County Route 28 and Camp Towles, including the installation of approximately 30,200 linear feet of 4-inch line, 7,700 linear feet of 6-inch line, 7,000 linear feet of 3-inch line, two (2) pump stations, two (2) pressure reduction valves and appurtenances to serve approximately 69 new customers (collectively, the "Project") (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer has heretofore temporarily financed the design of the Project by the issuance of the Waterworks System Refunding Bond Anticipation Notes, Series 2003, dated September 18, 2003, issued in the original aggregate principal amount of \$292,669 (the "Prior Notes").

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

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

F. The Issuer intends to refund the Prior Notes and permanently finance 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 (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council").

G. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, in the total aggregate principal amount of not more than \$2,100,000, in two series (collectively, the "Series 2004 Bonds"), being the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$1,400,000 (the "Series 2004 A Bonds"); and the Water Revenue Bonds, Series 2004 B

(West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$700,000 (the "Series 2004 B Bonds"), to refund the Prior Notes and permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2004 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding six (6) months after completion of acquisition and construction of the Project; amounts which may be deposited in the respective Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of design, acquisition and construction of the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that the Series 2004 Bonds be sold to the Authority pursuant to the terms and provisions of the respective loan agreements by and between the Issuer and the Authority, on behalf of the Council, in forms satisfactory to the Issuer, the Authority and the Council (collectively, the "Loan Agreements") all of which are approved hereby if not previously approved by resolution of the Issuer.

J. Upon payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1986, dated November 20, 1986, issued in the original aggregate principal amount of \$200,000 (the "Prior Bonds") and currently held by the United States Department of Agriculture, Rural Utilities Service.

Prior to the issuance of the Series 2004 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

K. The estimated revenues to be derived in each year following completion of the Project and the refunding of the Prior Notes from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2004 Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

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

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

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

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Depreciation Reserve" means the Depreciation Reserve previously established by the Prior Resolution and continued hereby.

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

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

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

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

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

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

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System

or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreements" means, collectively, the Loan Agreements for each series of the Series 2004 Bonds, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the respective Series 2004 Bonds Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2004 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2004 Bonds.

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

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

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

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

"Prior Bonds" means, the Issuer's Water Revenue Bond, Series 1986, as described in Section 1.02J hereof.

"Prior Resolution" means, the resolution adopted by the Issuer, as supplemented by the supplemental resolution of the Issuer, authorizing the issuance of the Prior Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said

investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Registrar" means the Bond Registrar.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

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

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

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

## ARTICLE II

### AUTHORIZATION OF THE ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF THE PRIOR NOTES

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, including the refunding of the Prior Notes, at an estimated cost of not to exceed \$2,100,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2004 Bonds hereby authorized shall be applied as provided in Article VI hereof, respectively. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The estimated cost of the Project, including the refunding of the Prior Notes, is estimated to be \$2,100,000, of which approximately \$1,400,000 will be obtained from the Series 2004 A Bonds and approximately \$700,000 will be obtained from the Series 2004 B Bonds.

Section 2.02. Authorization of Refunding of the Prior Notes. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and all accrued interest on the Prior Notes on the Closing Date. The cost of the refunding will be obtained from the proceeds of the Series 2004 B Bonds. Upon payment in full of the Prior Notes, the pledge of revenues in favor of the holders of the Prior Notes imposed by the Prior Notes Resolution and the monies in the funds and accounts created by the Prior Notes Resolution pledged to the payment of the Prior Notes are hereby ordered terminated, discharged and released.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, refunding the Prior Notes, funding the reserve accounts for the Series 2004 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2004 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2004 Bonds of the Issuer. The Series 2004 Bonds shall be issued in two series. The Series 2004 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)," in an aggregate principal amount of not more than \$1,400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2004 B Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund)," in an aggregate principal amount of not more than \$700,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the respective Series 2004 Bonds remaining after funding of the respective Series 2004 Bonds Reserve Accounts (if funded from Bond proceeds), capitalizing interest on the respective Series 2004 Bonds, if any, shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2004 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the respective Loan Agreements. The Series 2004 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2004 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2004 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2004 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2004 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2004 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2004 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be

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

So long as the Series 2004 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the respective Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the respective Series 2004 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2004 Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2004 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2004 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which each series of Series 2004 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the respective Series 2004 Bonds to the original purchasers;

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

D. Executed copies of the Loan Agreements;  
and

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

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

(FORM OF SERIES 2004 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAYMOND PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2004 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

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

KNOW ALL MEN BY THESE PRESENTS: That on this \_\_\_\_ day of \_\_\_\_\_, 2004, HAYMOND PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 2004.

This Bond is issued (i) to pay in full the entire outstanding principal of and all accrued interest on the Issuer's Waterworks System Refunding Bond Anticipation Notes, Series 2003 (the "Prior Notes"); (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks

facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1986, DATED NOVEMBER 20, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,000 (THE "PRIOR BONDS") AND (2) WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED \_\_\_\_\_, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2004 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and Series 2004 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such

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

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

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

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

THE HUNTINGTON NATIONAL BANK,  
as Registrar

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



EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

\_\_\_\_\_

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF SERIES 2004 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAYMOND PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2004 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

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

KNOW ALL MEN BY THESE PRESENTS: That on this \_\_\_\_ day of \_\_\_\_\_, 2004, HAYMOND PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds

of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1986, DATED NOVEMBER 20, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,000 (THE "PRIOR BONDS") AND (2) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED \_\_\_\_\_, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2004 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 the Prior Bonds and Series 2004 A Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and Series 2004 A Bonds;

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

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

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

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

THE HUNTINGTON NATIONAL BANK,  
as Registrar

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

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B  
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

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

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

ARTICLE IV

[RESERVED]

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Depreciation Reserve (established by the Prior Resolution);  
and
- (3) Series 2004 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2004 A Bonds Sinking Fund;
- (2) Series 2004 A Bonds Reserve Account;
- (3) Series 2004 B Bonds Sinking Fund; and
- (4) Series 2004 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office, as specified in the Prior Resolution, the amounts required to pay interest on the Prior Bonds.

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

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Depository Bank, as specified in the Prior Resolution, the amounts required to be deposited in the Reserve Account for the Prior Bonds; and (ii) to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance thereof, (a) for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement; and (b) for deposit in the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the respective Series 2004 Bonds Reserve Accounts when there shall have been deposited therein, and as long

as there shall remain on deposit therein, an amount equal to the respective Series 2004 Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank, for deposit in the Depreciation Reserve (i) the amounts required to be deposited in the Depreciation Reserve for the Prior Bonds; and (ii) so long as the Series 2004 Bonds are outstanding, 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 Depreciation Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Reserve for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Depreciation Reserve.

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

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

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

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

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

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the respective Series 2004 Bonds Sinking Funds and the respective Series 2004 Bonds Reserve Accounts created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004 Bonds Sinking Funds and the respective Series 2004 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

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

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

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

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

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

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

(a) From the proceeds of the Series 2004 B Bonds, there shall first be paid the amounts required to pay in full the entire outstanding principal of and all accrued interest on the Prior Notes.

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

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

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

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

Section 6.02. Disbursements from the Series 2004 Bonds Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred on the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2004 Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2004 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision and Corrective Order of the Public Service Commission of West Virginia entered July 20, 2004 and July 23, 2004, respectively, in Case No. 04-0377-PWD-CN, and such rates are hereby adopted.

So long as the Series 2004 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreements. In the event the

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

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2004 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the respective Series 2004 Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the respective Series 2004 Bonds. Any balance remaining after the payment of the respective Series 2004 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2004 Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2004 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council 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 2004 Bonds.

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

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds held by the United States of America, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds held by the United States of America are no longer outstanding, the following parity requirement shall be met:

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period 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 revenues of the System is subject to the prior and superior liens of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bonds.

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

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

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records 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.

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

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

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

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

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

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2004 Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2004 Bonds. Such audit report submitted to the Council and the Authority shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses

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

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the

Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreements, and forward a copy of such report to the Council and the Authority by the 10th day of each month.

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreements.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the

System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2004 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

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

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

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

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

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

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

directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2004 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

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

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

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

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

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

Section 7.20. Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions and requirements of the Loan

Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

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

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

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

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

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

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

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

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

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004 Bonds as a condition to issuance of the Series 2004 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2004 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council,

as the case may be, from which the proceeds of the Series 2004 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2004 Bonds and any additional information requested by the Authority.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2004 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2004 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2004 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2004 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2004 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the holders of the Series 2004 Bonds shall be on a parity with the of the holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2004 Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Series 2004

Bonds, any Registered Owner of a Series 2004 Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2004 Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2004 Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2004 Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Series 2004 Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2004 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2004 Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

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

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2004 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2004 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. 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 Bond Legislation and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

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

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

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

Adopted this 7th day of December, 2004.

  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HAYMOND PUBLIC SERVICE DISTRICT on the 7th day of December, 2004.

Dated: December 10, 2004.

[SEAL]

  
Secretary

EXHIBIT A

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

12/02/04  
394620.00001

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND) OF HAYMOND PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Haymond Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective December 7, 2004 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATERWORKS SYSTEM REFUNDING BOND ANTICIPATION NOTE, SERIES 2003, AND ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING

PUBLIC WATERWORKS FACILITIES OF HAYMOND PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); AND NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (the "Series 2004 A Bonds") and the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (the "Series 2004 B Bonds" and collectively with the Series 2004 A Bonds, the "Series 2004 Bonds"), of the Issuer, in the aggregate principal amount not to exceed \$1,400,000 and \$700,000, respectively, and has authorized the execution and delivery of the loan agreements relating to the Series 2004 Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreements"), 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 Resolution it is provided that the form of the Loan Agreements and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 2004 Bonds should be

established by a supplemental resolution pertaining to the Series 2004 Bonds; and that other matters relating to the Series 2004 Bonds be herein provided for;

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

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

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

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

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

(A) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,310,000. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2044, and shall bear no interest. The principal of the Series 2004 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, in the amounts set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2004 A Bonds. The Series 2004 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 A Bonds.

(B) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$378,397. The Series 2004 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2036, and shall bear no interest. The principal of the

Series 2004 B Bonds shall be payable quarterly, March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, in the amounts set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2004 B Bonds. The Series 2004 B Bonds shall be subject to redemption upon the written consent of the Authority and Council, and upon payment of redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 2004 B Bonds.

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

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

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2004 Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2004 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2004 Bonds under the Resolution.

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

Section 7. Series 2004 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2004 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 A Bonds Reserve Account.

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

Section 10. Series 2004 B Bonds proceeds in the amount of \$300,138.15 shall be paid to the First Community Bank, N.A., to pay in full the outstanding principal of and interest on the Prior Notes at closing.

Section 11. Series 2004 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 B Bonds Sinking Fund, as capitalized interest.

Section 12. Series 2004 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 B Bonds Reserve Account.

Section 13. The balance of the proceeds of the Series 2004 B Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund as received from time to time for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 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 Series 2004 Bonds to be issued hereby and by the Resolution approved and provided for, to the end that the Series 2004 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about December 10, 2004.

Section 15. The refunding of the Prior Notes, the acquisition and construction of the Project and the financing thereof with proceeds of the Series 2004 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the respective Sinking Funds and Reserve Accounts for the Series 2004 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

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

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Adopted this 7th day of December, 2004.

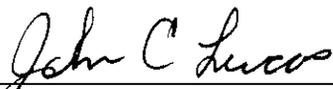
  
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of HAYMOND PUBLIC SERVICE DISTRICT on the 7th day of December, 2004.

Dated: December 10, 2004.

[SEAL]

  
\_\_\_\_\_  
Secretary

12/02/04  
394620.00001

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").

HAYMOND PUBLIC SERVICE DISTRICT (Series A)  
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System

which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

### ARTICLE III

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

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date

for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia

Jobs Act or waiver certificates from the West Virginia Division of Labor (“DOL”); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

HAYMOND PUBLIC SERVICE DISTRICT

(SEAL)

By: *Larry Lusk*  
Its: Chairperson  
Date: 12-7-04

Attest:

*John Chruso*  
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: *Daniel B. Gorkoski*  
Its: Director  
Date: 12/10/04

Attest:

*Barbara B. Meadows*  
Its: Secretary-Treasurer

000832/00466  
12/06/04

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
By: \_\_\_\_\_  
West Virginia License No. \_\_\_\_\_

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

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

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

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

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

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

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

[Name of Governmental Agency]

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

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$1,310,000  
Purchase Price of Local Bonds \$1,310,000

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

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

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

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

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

1. Water Revenue Bonds, Series 1986, dated November 20, 1986, issued in the original principal amount of \$200,000.
2. Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original principal amount of \$378,397.

**\$1,310,000**

Haymond Public Service District

0% Interest Rate, 40 Years from Closing Date

Closing Date: December 10, 2004

**Debt Service Schedule**

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	8,562.10	-	8,562.10
12/01/2006	8,562.10	-	8,562.10
03/01/2007	8,562.10	-	8,562.10
06/01/2007	8,562.10	-	8,562.10
09/01/2007	8,562.10	-	8,562.10
12/01/2007	8,562.10	-	8,562.10
03/01/2008	8,562.10	-	8,562.10
06/01/2008	8,562.10	-	8,562.10
09/01/2008	8,562.10	-	8,562.10
12/01/2008	8,562.10	-	8,562.10
03/01/2009	8,562.10	-	8,562.10
06/01/2009	8,562.10	-	8,562.10
09/01/2009	8,562.10	-	8,562.10
12/01/2009	8,562.10	-	8,562.10
03/01/2010	8,562.10	-	8,562.10
06/01/2010	8,562.10	-	8,562.10
09/01/2010	8,562.10	-	8,562.10
12/01/2010	8,562.10	-	8,562.10
03/01/2011	8,562.10	-	8,562.10
06/01/2011	8,562.10	-	8,562.10
09/01/2011	8,562.10	-	8,562.10
12/01/2011	8,562.10	-	8,562.10
03/01/2012	8,562.10	-	8,562.10
06/01/2012	8,562.09	-	8,562.09
09/01/2012	8,562.09	-	8,562.09
12/01/2012	8,562.09	-	8,562.09
03/01/2013	8,562.09	-	8,562.09
06/01/2013	8,562.09	-	8,562.09
09/01/2013	8,562.09	-	8,562.09
12/01/2013	8,562.09	-	8,562.09
03/01/2014	8,562.09	-	8,562.09
06/01/2014	8,562.09	-	8,562.09
09/01/2014	8,562.09	-	8,562.09
12/01/2014	8,562.09	-	8,562.09
03/01/2015	8,562.09	-	8,562.09
06/01/2015	8,562.09	-	8,562.09
09/01/2015	8,562.09	-	8,562.09
12/01/2015	8,562.09	-	8,562.09

**\$1,310,000**

Haymond Public Service District

0% Interest Rate, 40 Years from Closing Date

Closing Date: December 10, 2004

**Debt Service Schedule**

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2016	8,562.09	-	8,562.09
06/01/2016	8,562.09	-	8,562.09
09/01/2016	8,562.09	-	8,562.09
12/01/2016	8,562.09	-	8,562.09
03/01/2017	8,562.09	-	8,562.09
06/01/2017	8,562.09	-	8,562.09
09/01/2017	8,562.09	-	8,562.09
12/01/2017	8,562.09	-	8,562.09
03/01/2018	8,562.09	-	8,562.09
06/01/2018	8,562.09	-	8,562.09
09/01/2018	8,562.09	-	8,562.09
12/01/2018	8,562.09	-	8,562.09
03/01/2019	8,562.09	-	8,562.09
06/01/2019	8,562.09	-	8,562.09
09/01/2019	8,562.09	-	8,562.09
12/01/2019	8,562.09	-	8,562.09
03/01/2020	8,562.09	-	8,562.09
06/01/2020	8,562.09	-	8,562.09
09/01/2020	8,562.09	-	8,562.09
12/01/2020	8,562.09	-	8,562.09
03/01/2021	8,562.09	-	8,562.09
06/01/2021	8,562.09	-	8,562.09
09/01/2021	8,562.09	-	8,562.09
12/01/2021	8,562.09	-	8,562.09
03/01/2022	8,562.09	-	8,562.09
06/01/2022	8,562.09	-	8,562.09
09/01/2022	8,562.09	-	8,562.09
12/01/2022	8,562.09	-	8,562.09
03/01/2023	8,562.09	-	8,562.09
06/01/2023	8,562.09	-	8,562.09
09/01/2023	8,562.09	-	8,562.09
12/01/2023	8,562.09	-	8,562.09
03/01/2024	8,562.09	-	8,562.09
06/01/2024	8,562.09	-	8,562.09
09/01/2024	8,562.09	-	8,562.09
12/01/2024	8,562.09	-	8,562.09
03/01/2025	8,562.09	-	8,562.09
06/01/2025	8,562.09	-	8,562.09
09/01/2025	8,562.09	-	8,562.09
12/01/2025	8,562.09	-	8,562.09
03/01/2026	8,562.09	-	8,562.09
06/01/2026	8,562.09	-	8,562.09
09/01/2026	8,562.09	-	8,562.09
12/01/2026	8,562.09	-	8,562.09

**\$1,310,000**

Haymond Public Service District

0% Interest Rate, 40 Years from Closing Date

Closing Date: December 10, 2004

**Debt Service Schedule**

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2027	8,562.09	-	8,562.09
06/01/2027	8,562.09	-	8,562.09
09/01/2027	8,562.09	-	8,562.09
12/01/2027	8,562.09	-	8,562.09
03/01/2028	8,562.09	-	8,562.09
06/01/2028	8,562.09	-	8,562.09
09/01/2028	8,562.09	-	8,562.09
12/01/2028	8,562.09	-	8,562.09
03/01/2029	8,562.09	-	8,562.09
06/01/2029	8,562.09	-	8,562.09
09/01/2029	8,562.09	-	8,562.09
12/01/2029	8,562.09	-	8,562.09
03/01/2030	8,562.09	-	8,562.09
06/01/2030	8,562.09	-	8,562.09
09/01/2030	8,562.09	-	8,562.09
12/01/2030	8,562.09	-	8,562.09
03/01/2031	8,562.09	-	8,562.09
06/01/2031	8,562.09	-	8,562.09
09/01/2031	8,562.09	-	8,562.09
12/01/2031	8,562.09	-	8,562.09
03/01/2032	8,562.09	-	8,562.09
06/01/2032	8,562.09	-	8,562.09
09/01/2032	8,562.09	-	8,562.09
12/01/2032	8,562.09	-	8,562.09
03/01/2033	8,562.09	-	8,562.09
06/01/2033	8,562.09	-	8,562.09
09/01/2033	8,562.09	-	8,562.09
12/01/2033	8,562.09	-	8,562.09
03/01/2034	8,562.09	-	8,562.09
06/01/2034	8,562.09	-	8,562.09
09/01/2034	8,562.09	-	8,562.09
12/01/2034	8,562.09	-	8,562.09
03/01/2035	8,562.09	-	8,562.09
06/01/2035	8,562.09	-	8,562.09
09/01/2035	8,562.09	-	8,562.09
12/01/2035	8,562.09	-	8,562.09
03/01/2036	8,562.09	-	8,562.09
06/01/2036	8,562.09	-	8,562.09
09/01/2036	8,562.09	-	8,562.09
12/01/2036	8,562.09	-	8,562.09
03/01/2037	8,562.09	-	8,562.09
06/01/2037	8,562.09	-	8,562.09
09/01/2037	8,562.09	-	8,562.09
12/01/2037	8,562.09	-	8,562.09

**\$1,310,000**

Haymond Public Service District  
0% Interest Rate, 40 Years from Closing Date  
Closing Date: December 10, 2004

**Debt Service Schedule**

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2038	8,562.09	-	8,562.09
06/01/2038	8,562.09	-	8,562.09
09/01/2038	8,562.09	-	8,562.09
12/01/2038	8,562.09	-	8,562.09
03/01/2039	8,562.09	-	8,562.09
06/01/2039	8,562.09	-	8,562.09
09/01/2039	8,562.09	-	8,562.09
12/01/2039	8,562.09	-	8,562.09
03/01/2040	8,562.09	-	8,562.09
06/01/2040	8,562.09	-	8,562.09
09/01/2040	8,562.09	-	8,562.09
12/01/2040	8,562.09	-	8,562.09
03/01/2041	8,562.09	-	8,562.09
06/01/2041	8,562.09	-	8,562.09
09/01/2041	8,562.09	-	8,562.09
12/01/2041	8,562.09	-	8,562.09
03/01/2042	8,562.09	-	8,562.09
06/01/2042	8,562.09	-	8,562.09
09/01/2042	8,562.09	-	8,562.09
12/01/2042	8,562.09	-	8,562.09
03/01/2043	8,562.09	-	8,562.09
06/01/2043	8,562.09	-	8,562.09
09/01/2043	8,562.09	-	8,562.09
12/01/2043	8,562.09	-	8,562.09
03/01/2044	8,562.09	-	8,562.09
06/01/2044	8,562.09	-	8,562.09
09/01/2044	8,562.09	-	8,562.09
<b>Total</b>	<b>\$1,310,000.00</b>	<b>-</b>	<b>\$1,310,000.00</b>

**Yield Statistics**

Bond Year Dollars	\$27,149.75
Average Life	20.725 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	6.25E-11
Bond Yield for Arbitrage Purposes	6.25E-11
All Inclusive Cost (AIC)	6.25E-11

**IRS Form 8038**

Net Interest Cost	-
Weighted Average Maturity	20.725 Years

SCHEDULE Z

None.

IC-1  
(11/01/04)

LOAN AGREEMENT

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

HAYMOND PUBLIC SERVICE DISTRICT (Series B)  
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System

which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

### ARTICLE III

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

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date

for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia

Jobs Act or waiver certificates from the West Virginia Division of Labor (“DOL”); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

HAYMOND PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

John C Lucas  
Its: Secretary

By: Larry Lucas  
Its: Chairperson  
Date: 12-7-04

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Barbara B Meadows  
Its: Secretary-Treasurer

By: Daniel B. Yorkash  
Its: Director  
Date: 12/10/04

000832/00466  
12/06/04

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
By: \_\_\_\_\_  
West Virginia License No. \_\_\_\_\_

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

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

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

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

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

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

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

[Name of Governmental Agency]

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

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$378,397  
Purchase Price of Local Bonds \$378,397

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

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

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

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

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

1. Water Revenue Bonds, Series 1986, dated November 20, 1986, issued in the original principal amount of \$200,000.
2. Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original principal amount of \$1,310,000.

SCHEDULE Y

\$378,397

Haymond Public Service District

0% Interest Rate, 30 Years

Closing Date: December 10, 2004

**Debt Service Schedule**

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	3,153.31	-	3,153.31
12/01/2006	3,153.31	-	3,153.31
03/01/2007	3,153.31	-	3,153.31
06/01/2007	3,153.31	-	3,153.31
09/01/2007	3,153.31	-	3,153.31
12/01/2007	3,153.31	-	3,153.31
03/01/2008	3,153.31	-	3,153.31
06/01/2008	3,153.31	-	3,153.31
09/01/2008	3,153.31	-	3,153.31
12/01/2008	3,153.31	-	3,153.31
03/01/2009	3,153.31	-	3,153.31
06/01/2009	3,153.31	-	3,153.31
09/01/2009	3,153.31	-	3,153.31
12/01/2009	3,153.31	-	3,153.31
03/01/2010	3,153.31	-	3,153.31
06/01/2010	3,153.31	-	3,153.31
09/01/2010	3,153.31	-	3,153.31
12/01/2010	3,153.31	-	3,153.31
03/01/2011	3,153.31	-	3,153.31
06/01/2011	3,153.31	-	3,153.31
09/01/2011	3,153.31	-	3,153.31
12/01/2011	3,153.31	-	3,153.31
03/01/2012	3,153.31	-	3,153.31
06/01/2012	3,153.31	-	3,153.31
09/01/2012	3,153.31	-	3,153.31
12/01/2012	3,153.31	-	3,153.31
03/01/2013	3,153.31	-	3,153.31
06/01/2013	3,153.31	-	3,153.31
09/01/2013	3,153.31	-	3,153.31
12/01/2013	3,153.31	-	3,153.31
03/01/2014	3,153.31	-	3,153.31
06/01/2014	3,153.31	-	3,153.31
09/01/2014	3,153.31	-	3,153.31
12/01/2014	3,153.31	-	3,153.31
03/01/2015	3,153.31	-	3,153.31
06/01/2015	3,153.31	-	3,153.31
09/01/2015	3,153.31	-	3,153.31
12/01/2015	3,153.31	-	3,153.31

**\$378,397**

Haymond Public Service District

0% Interest Rate, 30 Years

Closing Date: December 10, 2004

### Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2016	3,153.31	-	3,153.31
06/01/2016	3,153.31	-	3,153.31
09/01/2016	3,153.31	-	3,153.31
12/01/2016	3,153.31	-	3,153.31
03/01/2017	3,153.31	-	3,153.31
06/01/2017	3,153.31	-	3,153.31
09/01/2017	3,153.31	-	3,153.31
12/01/2017	3,153.31	-	3,153.31
03/01/2018	3,153.31	-	3,153.31
06/01/2018	3,153.31	-	3,153.31
09/01/2018	3,153.31	-	3,153.31
12/01/2018	3,153.31	-	3,153.31
03/01/2019	3,153.31	-	3,153.31
06/01/2019	3,153.31	-	3,153.31
09/01/2019	3,153.31	-	3,153.31
12/01/2019	3,153.31	-	3,153.31
03/01/2020	3,153.31	-	3,153.31
06/01/2020	3,153.31	-	3,153.31
09/01/2020	3,153.31	-	3,153.31
12/01/2020	3,153.31	-	3,153.31
03/01/2021	3,153.31	-	3,153.31
06/01/2021	3,153.31	-	3,153.31
09/01/2021	3,153.31	-	3,153.31
12/01/2021	3,153.31	-	3,153.31
03/01/2022	3,153.31	-	3,153.31
06/01/2022	3,153.31	-	3,153.31
09/01/2022	3,153.31	-	3,153.31
12/01/2022	3,153.31	-	3,153.31
03/01/2023	3,153.31	-	3,153.31
06/01/2023	3,153.31	-	3,153.31
09/01/2023	3,153.31	-	3,153.31
12/01/2023	3,153.31	-	3,153.31
03/01/2024	3,153.31	-	3,153.31
06/01/2024	3,153.31	-	3,153.31
09/01/2024	3,153.31	-	3,153.31
12/01/2024	3,153.31	-	3,153.31
03/01/2025	3,153.31	-	3,153.31
06/01/2025	3,153.31	-	3,153.31
09/01/2025	3,153.31	-	3,153.31
12/01/2025	3,153.31	-	3,153.31
03/01/2026	3,153.31	-	3,153.31
06/01/2026	3,153.31	-	3,153.31
09/01/2026	3,153.31	-	3,153.31
12/01/2026	3,153.31	-	3,153.31

**\$378,397**

Haymond Public Service District

0% Interest Rate, 30 Years

Closing Date: December 10, 2004

### Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2027	3,153.31	-	3,153.31
06/01/2027	3,153.31	-	3,153.31
09/01/2027	3,153.31	-	3,153.31
12/01/2027	3,153.31	-	3,153.31
03/01/2028	3,153.31	-	3,153.31
06/01/2028	3,153.31	-	3,153.31
09/01/2028	3,153.31	-	3,153.31
12/01/2028	3,153.31	-	3,153.31
03/01/2029	3,153.31	-	3,153.31
06/01/2029	3,153.31	-	3,153.31
09/01/2029	3,153.31	-	3,153.31
12/01/2029	3,153.31	-	3,153.31
03/01/2030	3,153.31	-	3,153.31
06/01/2030	3,153.31	-	3,153.31
09/01/2030	3,153.31	-	3,153.31
12/01/2030	3,153.31	-	3,153.31
03/01/2031	3,153.31	-	3,153.31
06/01/2031	3,153.31	-	3,153.31
09/01/2031	3,153.30	-	3,153.30
12/01/2031	3,153.30	-	3,153.30
03/01/2032	3,153.30	-	3,153.30
06/01/2032	3,153.30	-	3,153.30
09/01/2032	3,153.30	-	3,153.30
12/01/2032	3,153.30	-	3,153.30
03/01/2033	3,153.30	-	3,153.30
06/01/2033	3,153.30	-	3,153.30
09/01/2033	3,153.30	-	3,153.30
12/01/2033	3,153.30	-	3,153.30
03/01/2034	3,153.30	-	3,153.30
06/01/2034	3,153.30	-	3,153.30
09/01/2034	3,153.30	-	3,153.30
12/01/2034	3,153.30	-	3,153.30
03/01/2035	3,153.30	-	3,153.30
06/01/2035	3,153.30	-	3,153.30
09/01/2035	3,153.30	-	3,153.30
12/01/2035	3,153.30	-	3,153.30
03/01/2036	3,153.30	-	3,153.30
06/01/2036	3,153.30	-	3,153.30
<b>Total</b>	<b>\$378,397.00</b>	<b>-</b>	<b>\$378,397.00</b>

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTONEntered: July 20, 2004

FINAL

8-3-04

CASE NO. 04-0377-PWD-CN

## HAYMOND PUBLIC SERVICE DISTRICT

Application for a certificate of convenience  
and necessity to construct a water  
extension project.

RECOMMENDED DECISION

On March 12, 2004, Haymond Public Service District (District or Applicant) filed an application, duly verified, for a certificate of convenience and necessity to construct three extensions to its system along County Route 26, County Route 28 and Camp Towles. The project entails the installation of approximately 30,200 linear feet of 4-inch line, 7,700 linear feet of 6-inch line, 7,000 linear feet of 3-inch line, two pump stations and two pressure reduction valves to serve 69 new customers. The District estimates the project will cost approximately \$1,786,819 and will be financed by a \$1,786,819 loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) for a period of 40 years at 0% interest. The District asserted that no interim financing will be necessary for the project. The District requested that its rates be increased by more than 40%. The District asserted that it has no resale customers.

By Order issued March 15, 2004, the District was directed to give notice of the filing of its application by publishing a copy of the March 15, 2004 Order in a newspaper duly qualified by the Secretary of State, published and of general circulation in Taylor and Preston Counties, making due return to the Commission of proper certification of publication immediately after publication. Customers were provided notice that failure to timely file protest or intervene in the matter could affect their rights to protest aspects of the certificate case, including any associated rate increases. The Order further provided that, if no protests are received within the thirty-day protest period, the Commission may waive formal hearing and grant the application based upon the evidence submitted with the application.

By letter dated March 15, 2004, the District was advised by the Executive Secretary's Office that the Commission has established additional notice requirements, which include the mailing of separate notice to each of its customers.

On March 19, 2004, the District advised that it had requested permission from the Preston County Public Service District (PCPSD) to

serve customers in part of the PCPSD's service territory. Attached to the correspondence was a letter from Joyce Myers on behalf of the PCPSD indicating that, on February 24, 2004, the Board voted to give its permission for the District to provide service to those customers in PCPSD's service territory.

On April 2, 2004, the Applicant filed an affidavit of publication from The Preston County Journal, a newspaper of general circulation in Preston County indicating that the Notice of Filing was published on March 24, 2004.

On April 6, 2004, the Applicant filed an affidavit of publication from The Mountain Statesman, a newspaper of general circulation in Taylor County indicating that the Notice requirements were complied with in Taylor County on March 19, 2004. No protests were filed to Notice of Filing.

On April 12, 2004, Staff filed its Initial Joint Staff Memorandum recommending that the matter be referred to the Division of Administrative Law Judges for disposition. Staff noted that the District filed a Rule 42 exhibit and intends to file an updated exhibit in compliance with the Commission's January 22, 2004 Order in Case No. 03-1957-PWD-30B. Staff requested that the updated Rule 42 exhibit not only address the additional revenue from Case No. 03-1957-PWD-30B, but provide a more accurate billing analysis and details for the excessive correction factor which was contained in the previously filed Statement D, Rule 42 exhibit, should it still exist. Staff advised that, upon receipt of the updated information, it would complete its review and file its final recommendation.

On April 13, 2004, Staff filed its first set of interrogatories, data requests or requests for information.

By Order entered April 21, 2004, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before October 6, 2004.

On May 21, 2004, the District filed a revised Rule 42 exhibit making the modifications requested by Staff.

On June 18, 2004, Staff filed its Final Joint Staff Memorandum recommending approval of the application contingent upon receipt of all outstanding permits. Staff recommended a 44.4% across-the-board increase to the District's rates and approval of the two loans from the WVIJDC. Staff requested that the engineer notify the Commission upon substantial completion of the project and that a copy of the engineer's certified bid total be filed with the Commission. Staff believes the project is necessary in order to provide potable water service to approximately 69 new customers. The \$25,896 per customer cost is high for the provision of water service. Staff believes that, in order to fund the estimated increase in expenses brought about by the 69 new customers and debt

service for the project loan, the necessary revenue from water sales to support the proposed project is \$187,449.

By Order issued June 23, 2004, the District was directed to file, no later than June 30, 2004, proof that it complied with Rule 10.3.d. of the Commission's Rules of Practice and Procedure or provide said notice by July 15, 2004.

On June 29, 2004, the District filed an affidavit indicating that, on March 31, 2004, the District mailed separate notices to its customers of a proposed increase in rates by including specific language on its postcard billing.

Based upon the foregoing, the Administrative Law Judge is of the opinion that the application for a certificate of convenience and necessity should be granted to the District, pursuant to Staff's recommendation.

#### FINDINGS OF FACT

1. On March 12, 2004, Haymond Public Service District (District or Applicant) filed an application, duly verified, for a certificate of convenience and necessity to construct three extensions to its system along County Route 26, County Route 28 and Camp Towles. The project entails the installation of approximately 30,200 linear feet of 4-inch line, 7,700 linear feet of 6-inch line, 7,000 linear feet of 3-inch line, two pump stations and two pressure reduction valves to serve 69 new customers. (See, application).

2. The project will cost approximately \$1,786,819. (See application; Final Joint Staff Memorandum filed June 18, 2004).

3. The project is to be financed by a \$1,310,000 loan from the West Virginia Infrastructure and Jobs Development Council for a period not to exceed 40 years at a 0% interest rate and a \$476,819 loan from the WVIJDC for a period not to exceed 30 years at a 0% interest rate. (See application; Final Joint Staff Memorandum filed June 18, 2004).

4. Staff recommended an across-the-board increase in rates of 44.4% to generate additional annual revenues of approximately \$79,147 above going level revenues, in order to support the debt service and expenses associated with this project. (See, Final Joint Staff Memorandum filed June 18, 2004).

5. At its Board meeting on February 24, 2004, the Preston County Public Service District No. 1 gave its permission for the Haymond Public Service District to serve any customers in its service territory that may be affected by this project. (See, March 18, 2004 filing; Final Joint Staff Memorandum filed June 18, 2004).

6. The Notice of Filing was published in Taylor County on March 19, 2004, and in Preston County on March 24, 2004, pursuant to the Commission's March 15, 2004 Order. The Notice of Filing notified the District's customers that the proposed rates were subject to change (increase or decrease) by the Public Service Commission's review of the filing. Also, the District notified each of its customers that it was seeking a rate increase by way of a notice on its postcard billing statement. No protests were filed to the application. (See, affidavits of publication received April 2 and 6, 2004; affidavit filed June 29, 2004; case file generally).

7. Commission Staff believes that the project is needed to provide approximately 69 customers with potable water service and recommended that the application be approved, as well as the funding for the project. (See Final Joint Staff Memorandum filed June 18, 2004).

#### CONCLUSION OF LAW

It is appropriate to grant the application, pursuant to West Virginia Code §24-2-11, and to approve the Staff-recommended rates and the project's funding, because the public convenience and necessity require the proposed project; the funding is appropriate and no protests have been filed; and Commission Staff has recommended such approval.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on March 12, 2004, by the Haymond Public Service District for a certificate of convenience and necessity to construct three extensions to its system along County Route 26, County Route 28 and Camp Towles, which includes, but is not limited to the installation of approximately 30,200 linear feet of 4-inch line, 7,700 linear feet of 6-inch line, 7,000 linear feet of 3-inch line, two pump stations, two pressure reduction valves and appurtenances to serve approximately 69 new customers, be, and hereby is, approved, subject to the receipt of any outstanding permits.

IT IS FURTHER ORDERED that the rates and charges attached hereto as Appendix A be, and they hereby are, approved for use by Haymond Public Service District for all service rendered on or after the date that this Order becomes a Final Order of the Public Service Commission. Haymond Public Service District shall file an original and at least five (5) copies of a revised tariff setting forth the rates approved herein within thirty (30) days of the date that this Order becomes final.

IT IS FURTHER ORDERED that the funding for the project, consisting of a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$1,310,000 for a period of 40 years at a 0% interest rate and a second WVIJDC loan in the amount of \$476,618 at a 0% interest rate for a period not to exceed 30 years be, and hereby are, approved.

IT IS FURTHER ORDERED that, if there are an additional changes in the cost, financing, terms, conditions or scheduling of the project, the Haymond Public Service District shall file a petition with the Commission for approval of said revisions prior to commencing construction.

IT IS FURTHER ORDERED that the Haymond Public Service District file a copy of its bids with the Commission to be made part of the file as soon as said bids are accepted.

IT IS FURTHER ORDERED that Haymond Public Service District notify the Commission when the substantial completion inspection of this project has been performed.

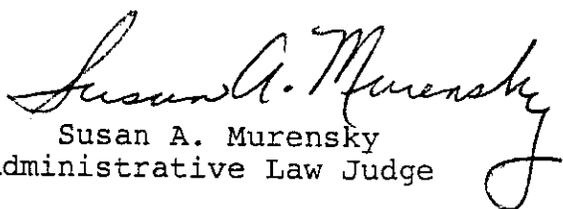
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

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

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

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

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

  
Susan A. Murensky  
Administrative Law Judge

SAM:mal  
040377aa.wpd

HAYMOND PUBLIC SERVICE DISTRICT (WATER)  
CASE NO. 04-0377-PWD-CN  
APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATE

First	3,000 gallons used per month	\$7.41 per 1,000 gallons
Next	3,000 gallons used per month	\$6.69 per 1,000 gallons
Next	4,000 gallons used per month	\$5.60 per 1,000 gallons
Next	10,000 gallons used per month	\$4.88 per 1,000 gallons
Over	20,000 gallons used per month	\$4.16 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$22.23 per month, which is the equivalent of 3,000 gallons of water.

5/8-inch meter	\$ 22.23 per month
3/4-inch meter	\$ 33.35 per month
1 -inch meter	\$ 55.58 per month
1-1/2-inch meter	\$ 111.15 per month
2 -inch meter	\$ 177.84 per month
3 -inch meter	\$ 333.45 per month
4 -inch meter	\$ 555.75 per month
6 -inch meter	\$1,111.50 per month
8 -inch meter	\$1,778.40 per month

DELAYED PAYMENT PENALTY

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

RECONNECTION - \$20.00

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

TAP FEE

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

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

RETURNED CHECK CHARGE

A service charge equal to the actual fee assessed to the District or a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

LEAK ADJUSTMENT INCREMENT

\$2.41 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Issued: July 23, 2004

CASE NO. 04-0377-PWD-CN

HAYMOND PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct a water extension project.

CORRECTIVE ORDER

On March 12, 2004, Haymond Public Service District (District or Applicant) filed an application, duly verified, for a certificate of convenience and necessity to construct three extensions to its system along County Route 26, County Route 28 and Camp Towles. The project entails the installation of approximately 30,200 linear feet of 4-inch line, 7,700 linear feet of 6-inch line, 7,000 linear feet of 3-inch line, two pump stations and two pressure reduction valves to serve 69 new customers. The District estimates the project will cost approximately \$1,786,819 and will be financed by a \$1,786,819 loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) for a period of 40 years at 0% interest. The District asserted that no interim financing will be necessary for the project. The District requested that its rates be increased by more than 40%. The District asserted that it has no resale customers.

By Recommended Decision entered July 20, 2004, the application filed herein on March 12, 2004, by the Haymond Public Service District for a certificate of convenience and necessity to construct three extensions to its system along County Route 26, County Route 28 and Camp Towles to serve approximately 69 new customers was approved, subject to the receipt of any outstanding permits.

The Staff-recommended rates and charges were approved for use by Haymond Public Service District for all service rendered on or after the date that the Recommended Decision became a Final Order of the Public Service Commission. Haymond Public Service District was ordered to file an original and at least five (5) copies of a revised tariff setting forth the rates approved herein within thirty (30) days of the date that the Order became final.

On July 22, 2004, the Administrative Law Judge was notified by electronic mail that the District believes that an error has occurred in the ordering paragraph regarding the implementation of the rates. The District believes the rates are not to go into effect until completion of the project. The Administrative Law Judge agrees. The Recommended Decision will be amended to reflect said change.

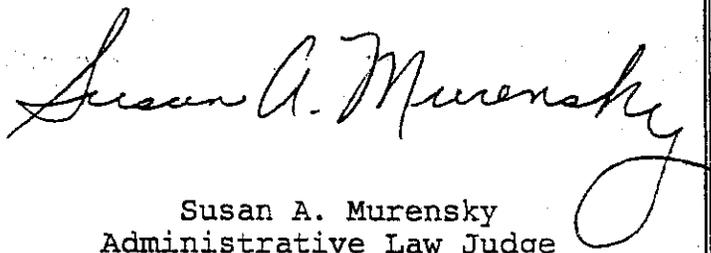
ORDER

IT IS, THEREFORE, ORDERED that the second ordering paragraph of the July 20, 2004 Recommended Decision be amended to read as follows:

IT IS FURTHER ORDERED that the rates and charges, attached hereto as Appendix A, be, and they hereby are, approved for use by Haymond Public Service District for all service rendered on or after the date that the notice of substantial completion of the project has been certified by the District's engineer and filed with the Public Service Commission. Haymond Public Service District shall file an original and at least five (5) copies of a revised tariff setting forth the rates approved herein within thirty (30) days of the date that they are first implemented.

IT IS FURTHER ORDERED that, in all other respects, the Recommended Decision entered herein on July 20, 2004, remain unchanged.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon all parties to this proceeding by United States Certified Mail, return receipt requested, and upon Commission Staff by hand delivery.



Susan A. Murensky  
Administrative Law Judge

SAM:dfs  
040377ab.wpd



# West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman  
St. Albans  
James L. Harrison, Sr., Vice Chairman  
Princeton  
Dwight Calhoun  
Petersburg  
William J. Harman  
Grafton

980 One Valley Square  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire  
Executive Secretary

August 5, 1999

Wm. Randy Watson  
Thrasher Engineering, Inc.  
30 Columbia Boulevard  
P.O. Box 1532  
Clarksburg, West Virginia 26302-1532

Re: Haymond Public Service District  
Water System Extension Project (Resubmittal) 96W-225

Dear Mr. Watson:

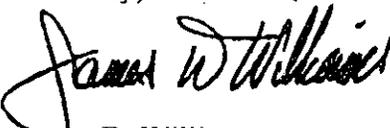
The West Virginia Infrastructure and Jobs Development Council (the "Council"), at its August 4, 1999 meeting, reviewed the Haymond Public Service District's (the "District") resubmitted preliminary application regarding a proposed project to extend water service to approximately 84 new customers. Based on the findings of the Water Technical Review Committee, the Council has determined that the project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the project.

Upon consideration of the District's resubmitted preliminary application, the Council recommends that the District pursue a Small Cities Block Grant of \$490,000 and USDA Rural Utilities Service ("RUS") funding assistance of \$800,000 to finance the project. Please contact the West Virginia Development Office at 558-4010 and the local RUS office for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these agencies.**

Wm. Randy Watson  
August 5, 1999  
Page 2

If you have any questions regarding this matter, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,



James D. Williams

JDW/tb

Enclosure

cc: Debbie Legg (w/o enc.)  
Jim Anderson  
Randy Plum

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this the 10th day of December, 2004, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Haymond Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received from the Issuer its Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the principal amount of \$1,310,000, numbered AR-1 (the "Series 2004 A Bonds") and the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in the principal amount of \$378,397, numbered BR-1 (the "Series 2004 B Bonds"), both dated December 10, 2004 (collectively, the "Series 2004 Bonds").

2. At the time of such receipt, all the Series 2004 Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed thereon.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2004 Bonds, the sum of \$64,403, being a portion of the principal amount of the Series 2004 A Bonds and \$378,397, being the entire principal amount of the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By: Barbara B. Meadows  
Its: Authorized Representative

HAYMOND PUBLIC SERVICE DISTRICT

By: Lenny Lure  
Is: Chairman

11/16/04  
394620.00001

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,  
as Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

On this the 10th day of December, 2004 , Haymond Public Service District (the "Issuer") hereby delivers the following:

(1) Bond No. AR-1, constituting the entire original issue of the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$1,310,000 (the "Series 2004 A Bonds"), dated December 10, 2004, executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on December 7, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 7, 2004 (collectively, the "Resolution");

(2) Bond No. BR-1, constituting the entire original issue of the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$378,397 (the "Series 2004 B Bonds"), dated December 10, 2004, executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Resolution;

(3) A copy of the Resolution authorizing the above-captioned Bonds (collectively, the "Bonds"), duly certified by the Secretary of the Issuer;

(4) Executed counterparts of a loan agreement for the Series 2004 A Bonds, dated December 10, 2004, 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");

(5) Executed counterparts of a loan agreement for the Series 2004 B Bonds, dated December 10, 2004, by and between the Issuer and the Authority, on behalf of the Council (collectively, the "Loan Agreements"); and

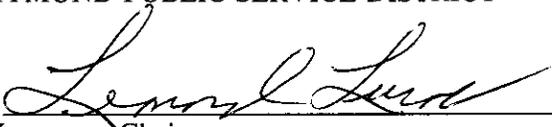
(6) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$64,403, representing a portion of the principal amount of the Series 2004 A Bonds, and the sum of \$378,397, representing the entire principal amount of the Series 2004 B Bonds.

Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this as of the day and year first written above.

HAYMOND PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

11/16/04  
394620.00001

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAYMOND PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2004 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$1,310,000

KNOW ALL MEN BY THESE PRESENTS: That on this 10th day of December, 2004, HAYMOND PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor 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 THREE HUNDRED TEN THOUSAND DOLLARS (\$1,310,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 10, 2004.

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

(collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 7, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 7, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1986, DATED NOVEMBER 20, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,000 (THE "PRIOR BONDS") AND (2) WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 10, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$378,397 (THE "SERIES 2004 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and Series 2004 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and Series 2004 B Bonds; provided however, that so long as there exists in the Series 2004 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and Series 2004 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants

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

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

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

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

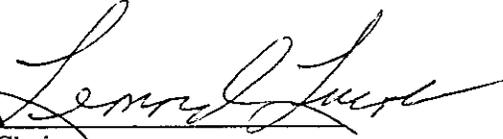
In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands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

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

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

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

[SEAL]

**SPECIMEN**   
Chairman

ATTEST:

  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: December 10, 2004.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

**SPECIMEN**

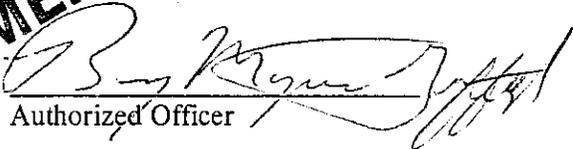
  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 64,403	December 10, 2004	(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		\$	<u>                    </u>

EXHIBIT B

**\$1,310,000**

Haymond Public Service District (West Virginia)

0% Interest Rate, 40 Years from Closing Date

Closing Date: December 10, 2004

**Debt Service Schedule**

Part 1 of 4

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Total P+I</u>
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	8,562.10	-	8,562.10
12/01/2006	8,562.10	-	8,562.10
03/01/2007	8,562.10	-	8,562.10
06/01/2007	8,562.10	-	8,562.10
09/01/2007	8,562.10	-	8,562.10
12/01/2007	8,562.10	-	8,562.10
03/01/2008	8,562.10	-	8,562.10
06/01/2008	8,562.10	-	8,562.10
09/01/2008	8,562.10	-	8,562.10
12/01/2008	8,562.10	-	8,562.10
03/01/2009	8,562.10	-	8,562.10
06/01/2009	8,562.10	-	8,562.10
09/01/2009	8,562.10	-	8,562.10
12/01/2009	8,562.10	-	8,562.10
03/01/2010	8,562.10	-	8,562.10
06/01/2010	8,562.10	-	8,562.10
09/01/2010	8,562.10	-	8,562.10
12/01/2010	8,562.10	-	8,562.10
03/01/2011	8,562.10	-	8,562.10
06/01/2011	8,562.10	-	8,562.10
09/01/2011	8,562.10	-	8,562.10
12/01/2011	8,562.10	-	8,562.10
03/01/2012	8,562.10	-	8,562.10
06/01/2012	8,562.09	-	8,562.09
09/01/2012	8,562.09	-	8,562.09
12/01/2012	8,562.09	-	8,562.09
03/01/2013	8,562.09	-	8,562.09
06/01/2013	8,562.09	-	8,562.09
09/01/2013	8,562.09	-	8,562.09
12/01/2013	8,562.09	-	8,562.09
03/01/2014	8,562.09	-	8,562.09
06/01/2014	8,562.09	-	8,562.09
09/01/2014	8,562.09	-	8,562.09
12/01/2014	8,562.09	-	8,562.09
03/01/2015	8,562.09	-	8,562.09
06/01/2015	8,562.09	-	8,562.09
09/01/2015	8,562.09	-	8,562.09
12/01/2015	8,562.09	-	8,562.09

## Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2016	8,562.09	-	8,562.09
06/01/2016	8,562.09	-	8,562.09
09/01/2016	8,562.09	-	8,562.09
12/01/2016	8,562.09	-	8,562.09
03/01/2017	8,562.09	-	8,562.09
06/01/2017	8,562.09	-	8,562.09
09/01/2017	8,562.09	-	8,562.09
12/01/2017	8,562.09	-	8,562.09
03/01/2018	8,562.09	-	8,562.09
06/01/2018	8,562.09	-	8,562.09
09/01/2018	8,562.09	-	8,562.09
12/01/2018	8,562.09	-	8,562.09
03/01/2019	8,562.09	-	8,562.09
06/01/2019	8,562.09	-	8,562.09
09/01/2019	8,562.09	-	8,562.09
12/01/2019	8,562.09	-	8,562.09
03/01/2020	8,562.09	-	8,562.09
06/01/2020	8,562.09	-	8,562.09
09/01/2020	8,562.09	-	8,562.09
12/01/2020	8,562.09	-	8,562.09
03/01/2021	8,562.09	-	8,562.09
06/01/2021	8,562.09	-	8,562.09
09/01/2021	8,562.09	-	8,562.09
12/01/2021	8,562.09	-	8,562.09
03/01/2022	8,562.09	-	8,562.09
06/01/2022	8,562.09	-	8,562.09
09/01/2022	8,562.09	-	8,562.09
12/01/2022	8,562.09	-	8,562.09
03/01/2023	8,562.09	-	8,562.09
06/01/2023	8,562.09	-	8,562.09
09/01/2023	8,562.09	-	8,562.09
12/01/2023	8,562.09	-	8,562.09
03/01/2024	8,562.09	-	8,562.09
06/01/2024	8,562.09	-	8,562.09
09/01/2024	8,562.09	-	8,562.09
12/01/2024	8,562.09	-	8,562.09
03/01/2025	8,562.09	-	8,562.09
06/01/2025	8,562.09	-	8,562.09
09/01/2025	8,562.09	-	8,562.09
12/01/2025	8,562.09	-	8,562.09
03/01/2026	8,562.09	-	8,562.09
06/01/2026	8,562.09	-	8,562.09
09/01/2026	8,562.09	-	8,562.09
12/01/2026	8,562.09	-	8,562.09

Date	Principal	Coupon	Total P+I
03/01/2027	8,562.09	-	8,562.09
06/01/2027	8,562.09	-	8,562.09
09/01/2027	8,562.09	-	8,562.09
12/01/2027	8,562.09	-	8,562.09
03/01/2028	8,562.09	-	8,562.09
06/01/2028	8,562.09	-	8,562.09
09/01/2028	8,562.09	-	8,562.09
12/01/2028	8,562.09	-	8,562.09
03/01/2029	8,562.09	-	8,562.09
06/01/2029	8,562.09	-	8,562.09
09/01/2029	8,562.09	-	8,562.09
12/01/2029	8,562.09	-	8,562.09
03/01/2030	8,562.09	-	8,562.09
06/01/2030	8,562.09	-	8,562.09
09/01/2030	8,562.09	-	8,562.09
12/01/2030	8,562.09	-	8,562.09
03/01/2031	8,562.09	-	8,562.09
06/01/2031	8,562.09	-	8,562.09
09/01/2031	8,562.09	-	8,562.09
12/01/2031	8,562.09	-	8,562.09
03/01/2032	8,562.09	-	8,562.09
06/01/2032	8,562.09	-	8,562.09
09/01/2032	8,562.09	-	8,562.09
12/01/2032	8,562.09	-	8,562.09
03/01/2033	8,562.09	-	8,562.09
06/01/2033	8,562.09	-	8,562.09
09/01/2033	8,562.09	-	8,562.09
12/01/2033	8,562.09	-	8,562.09
03/01/2034	8,562.09	-	8,562.09
06/01/2034	8,562.09	-	8,562.09
09/01/2034	8,562.09	-	8,562.09
12/01/2034	8,562.09	-	8,562.09
03/01/2035	8,562.09	-	8,562.09
06/01/2035	8,562.09	-	8,562.09
09/01/2035	8,562.09	-	8,562.09
12/01/2035	8,562.09	-	8,562.09
03/01/2036	8,562.09	-	8,562.09
06/01/2036	8,562.09	-	8,562.09
09/01/2036	8,562.09	-	8,562.09
12/01/2036	8,562.09	-	8,562.09
03/01/2037	8,562.09	-	8,562.09
06/01/2037	8,562.09	-	8,562.09
09/01/2037	8,562.09	-	8,562.09
12/01/2037	8,562.09	-	8,562.09

## Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2038	8,562.09	-	8,562.09
06/01/2038	8,562.09	-	8,562.09
09/01/2038	8,562.09	-	8,562.09
12/01/2038	8,562.09	-	8,562.09
03/01/2039	8,562.09	-	8,562.09
06/01/2039	8,562.09	-	8,562.09
09/01/2039	8,562.09	-	8,562.09
12/01/2039	8,562.09	-	8,562.09
03/01/2040	8,562.09	-	8,562.09
06/01/2040	8,562.09	-	8,562.09
09/01/2040	8,562.09	-	8,562.09
12/01/2040	8,562.09	-	8,562.09
03/01/2041	8,562.09	-	8,562.09
06/01/2041	8,562.09	-	8,562.09
09/01/2041	8,562.09	-	8,562.09
12/01/2041	8,562.09	-	8,562.09
03/01/2042	8,562.09	-	8,562.09
06/01/2042	8,562.09	-	8,562.09
09/01/2042	8,562.09	-	8,562.09
12/01/2042	8,562.09	-	8,562.09
03/01/2043	8,562.09	-	8,562.09
06/01/2043	8,562.09	-	8,562.09
09/01/2043	8,562.09	-	8,562.09
12/01/2043	8,562.09	-	8,562.09
03/01/2044	8,562.09	-	8,562.09
06/01/2044	8,562.09	-	8,562.09
09/01/2044	8,562.09	-	8,562.09
<b>Total</b>	<b>\$1,310,000.00</b>	<b>-</b>	<b>\$1,310,000.00</b>

ASSIGNMENT

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

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

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

**SPECIMEN**

In the presence of:

\_\_\_\_\_

12/05/04  
394620.00001

# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAYMOND PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2004 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$378,397

KNOW ALL MEN BY THESE PRESENTS: That on this 10th day of December, 2004, HAYMOND PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor 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 SEVENTY-EIGHT THOUSAND THREE HUNDRED NINETY-SEVEN DOLLARS (\$378,397), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 10, 2004.

This Bond is issued (i) to pay in full the entire outstanding principal of and all accrued interest on the Issuer's Waterworks System Refunding Bond Anticipation Notes, Series 2003 (the "Prior Notes"); (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 7, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 7, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1986, DATED NOVEMBER 20, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,000 (THE "PRIOR BONDS") AND (2) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 10, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,310,000 (THE "SERIES 2004 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 the Prior Bonds and Series 2004 A Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds

and Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

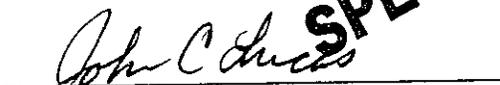
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

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

[SEAL]

  
Chairman

ATTEST:

  
Secretary

**SPECIMEN**

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: December 10, 2004.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

**SPECIMEN**

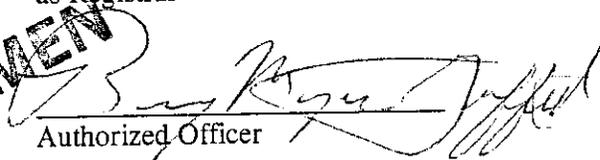
  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$378,397	December 10, 2004	(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		\$	<u>                    </u>

EXHIBIT B

**\$378,397**

Haymond Public Service District (West Virginia)

0% Interest Rate, 30 Years

Closing Date: December 10, 2004

**Debt Service  
Schedule**

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	3,153.31	-	3,153.31
12/01/2006	3,153.31	-	3,153.31
03/01/2007	3,153.31	-	3,153.31
06/01/2007	3,153.31	-	3,153.31
09/01/2007	3,153.31	-	3,153.31
12/01/2007	3,153.31	-	3,153.31
03/01/2008	3,153.31	-	3,153.31
06/01/2008	3,153.31	-	3,153.31
09/01/2008	3,153.31	-	3,153.31
12/01/2008	3,153.31	-	3,153.31
03/01/2009	3,153.31	-	3,153.31
06/01/2009	3,153.31	-	3,153.31
09/01/2009	3,153.31	-	3,153.31
12/01/2009	3,153.31	-	3,153.31
03/01/2010	3,153.31	-	3,153.31
06/01/2010	3,153.31	-	3,153.31
09/01/2010	3,153.31	-	3,153.31
12/01/2010	3,153.31	-	3,153.31
03/01/2011	3,153.31	-	3,153.31
06/01/2011	3,153.31	-	3,153.31
09/01/2011	3,153.31	-	3,153.31
12/01/2011	3,153.31	-	3,153.31
03/01/2012	3,153.31	-	3,153.31
06/01/2012	3,153.31	-	3,153.31
09/01/2012	3,153.31	-	3,153.31
12/01/2012	3,153.31	-	3,153.31
03/01/2013	3,153.31	-	3,153.31
06/01/2013	3,153.31	-	3,153.31
09/01/2013	3,153.31	-	3,153.31
12/01/2013	3,153.31	-	3,153.31
03/01/2014	3,153.31	-	3,153.31
06/01/2014	3,153.31	-	3,153.31
09/01/2014	3,153.31	-	3,153.31
12/01/2014	3,153.31	-	3,153.31
03/01/2015	3,153.31	-	3,153.31
06/01/2015	3,153.31	-	3,153.31
09/01/2015	3,153.31	-	3,153.31
12/01/2015	3,153.31	-	3,153.31

# Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2016	3,153.31	-	3,153.31
06/01/2016	3,153.31	-	3,153.31
09/01/2016	3,153.31	-	3,153.31
12/01/2016	3,153.31	-	3,153.31
03/01/2017	3,153.31	-	3,153.31
06/01/2017	3,153.31	-	3,153.31
09/01/2017	3,153.31	-	3,153.31
12/01/2017	3,153.31	-	3,153.31
03/01/2018	3,153.31	-	3,153.31
06/01/2018	3,153.31	-	3,153.31
09/01/2018	3,153.31	-	3,153.31
12/01/2018	3,153.31	-	3,153.31
03/01/2019	3,153.31	-	3,153.31
06/01/2019	3,153.31	-	3,153.31
09/01/2019	3,153.31	-	3,153.31
12/01/2019	3,153.31	-	3,153.31
03/01/2020	3,153.31	-	3,153.31
06/01/2020	3,153.31	-	3,153.31
09/01/2020	3,153.31	-	3,153.31
12/01/2020	3,153.31	-	3,153.31
03/01/2021	3,153.31	-	3,153.31
06/01/2021	3,153.31	-	3,153.31
09/01/2021	3,153.31	-	3,153.31
12/01/2021	3,153.31	-	3,153.31
03/01/2022	3,153.31	-	3,153.31
06/01/2022	3,153.31	-	3,153.31
09/01/2022	3,153.31	-	3,153.31
12/01/2022	3,153.31	-	3,153.31
03/01/2023	3,153.31	-	3,153.31
06/01/2023	3,153.31	-	3,153.31
09/01/2023	3,153.31	-	3,153.31
12/01/2023	3,153.31	-	3,153.31
03/01/2024	3,153.31	-	3,153.31
06/01/2024	3,153.31	-	3,153.31
09/01/2024	3,153.31	-	3,153.31
12/01/2024	3,153.31	-	3,153.31
03/01/2025	3,153.31	-	3,153.31
06/01/2025	3,153.31	-	3,153.31
09/01/2025	3,153.31	-	3,153.31
12/01/2025	3,153.31	-	3,153.31
03/01/2026	3,153.31	-	3,153.31
06/01/2026	3,153.31	-	3,153.31
09/01/2026	3,153.31	-	3,153.31
12/01/2026	3,153.31	-	3,153.31

## Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2027	3,153.31	-	3,153.31
06/01/2027	3,153.31	-	3,153.31
09/01/2027	3,153.31	-	3,153.31
12/01/2027	3,153.31	-	3,153.31
03/01/2028	3,153.31	-	3,153.31
06/01/2028	3,153.31	-	3,153.31
09/01/2028	3,153.31	-	3,153.31
12/01/2028	3,153.31	-	3,153.31
03/01/2029	3,153.31	-	3,153.31
06/01/2029	3,153.31	-	3,153.31
09/01/2029	3,153.31	-	3,153.31
12/01/2029	3,153.31	-	3,153.31
03/01/2030	3,153.31	-	3,153.31
06/01/2030	3,153.31	-	3,153.31
09/01/2030	3,153.31	-	3,153.31
12/01/2030	3,153.31	-	3,153.31
03/01/2031	3,153.31	-	3,153.31
06/01/2031	3,153.31	-	3,153.31
09/01/2031	3,153.30	-	3,153.30
12/01/2031	3,153.30	-	3,153.30
03/01/2032	3,153.30	-	3,153.30
06/01/2032	3,153.30	-	3,153.30
09/01/2032	3,153.30	-	3,153.30
12/01/2032	3,153.30	-	3,153.30
03/01/2033	3,153.30	-	3,153.30
06/01/2033	3,153.30	-	3,153.30
09/01/2033	3,153.30	-	3,153.30
12/01/2033	3,153.30	-	3,153.30
03/01/2034	3,153.30	-	3,153.30
06/01/2034	3,153.30	-	3,153.30
09/01/2034	3,153.30	-	3,153.30
12/01/2034	3,153.30	-	3,153.30
03/01/2035	3,153.30	-	3,153.30
06/01/2035	3,153.30	-	3,153.30
09/01/2035	3,153.30	-	3,153.30
12/01/2035	3,153.30	-	3,153.30
03/01/2036	3,153.30	-	3,153.30
06/01/2036	3,153.30	-	3,153.30
<b>Total</b>	<b>\$378,397.00</b>	<b>-</b>	<b>\$378,397.00</b>

(Form of)

ASSIGNMENT

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

\_\_\_\_\_

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

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

**SPECIMEN**

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

12/03/04  
394620.00001

December 10, 2004

Haymond Public Service District  
Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund)

Haymond Public Service District  
Grafton, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Haymond 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 \$1,310,000 Water Revenue Bonds, Series 2004 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 December 10, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest. The principal of the Bonds is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, and maturing September 1 2044, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 7, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 7, 2004 (collectively, the "Resolution"), pursuant to and under which Act and Resolution 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 Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1986 and the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), issued contemporaneously herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

We have examined the executed and authenticated Bond numbered 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

December 10, 2004

Haymond Public Service District  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

Haymond Public Service District  
Grafton, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Haymond 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 \$378,397 Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated December 10, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest. The principal of the Bonds is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, and maturing June 1, 2036, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying in full the entire outstanding principal of and all accrued interest on the Issuer's Waterworks System Refunding Bond Anticipation Notes, Series 2003 ) (the "Prior Notes"); (ii) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 7, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 7, 2004 (collectively, the "Resolution"), pursuant to and under which Act and Resolution 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 Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1986 and the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), issued contemporaneously herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

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

Very truly yours,

  
STEPTOE & JOHNSON PLLC

LAW OFFICE OF  
JAMES V. KELSH

Telephone  
(304) 343-1654

300 Summers St., Ste. 1230  
P.O. Box 3713  
Charleston, WV 25337-3713  
kelshlaw@yahoo.com  
WV State Bar #6617

Facsimile  
(304) 343-1657

December 10, 2004

Haymond Public Service District  
Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

Haymond Public Service District  
Grafton, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Haymond Public Service District, a public service district, in Taylor County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving bond counsel opinions, loan agreements for the Series 2004 A Bonds and Series 2004 B Bonds, both dated December 10, 2004, including all schedules and exhibits attached thereto, (collectively, the "Loan Agreements") by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on December 7, 2004, as supplemented by the Supplemental Resolution duly adopted by the Issuer on December 7, 2004 (collectively, the "Resolution"), orders of The County Commission of Taylor County, West Virginia, relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreements when used herein.

I am of the opinion that:

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

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

3. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.

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

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

6. The Issuer has received the Recommended Decision and Corrective Order of Public Service Commission of West Virginia entered on July 20, 2004 and July 23, 2004, respectively, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving rates for the System. 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.

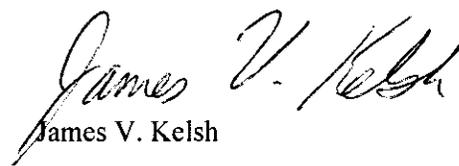
7. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Taylor County, the West Virginia Bureau for Public Health, the Council, and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including the adoption of a resolution prescribing such rates and charges.

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

9. Prior to the execution of construction contracts by the Issuer, I will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreements; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

  
James V. Kelsh

Law Offices of  
James W. Lane, Jr.  
Woolworth Building  
205 Capitol Street, Suite 400  
P. O. Box 11806  
Charleston, WV 25339  
(304) 342-0081 Facsimile (304) 343-3365

December 10, 2004

FINAL TITLE OPINION

WATER LINE EXTENSION PROJECT  
INFRASTRUCTURE FUND FINANCING

Haymond Public Service District  
P.O. Box 412  
Grafton, West Virginia 26354-0412

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

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

Steptoe & Johnson PLLC  
P.O. Box 1588  
Charleston, WV 25326

Re: HAYMOND PUBLIC SERVICE DISTRICT  
WATER LINE EXTENSION PROJECT

Dear Ladies and Gentlemen:

This firm represents Haymond Public Service District with regard to a proposed project to construct and improve a waterline extension project in and around the counties of Taylor and Preston (the "Project"), and provides this final title opinion on behalf of Haymond Public Service District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development

Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. Haymond Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. Haymond Public Service District has obtained all necessary permits and approvals for the construction of the Project.

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

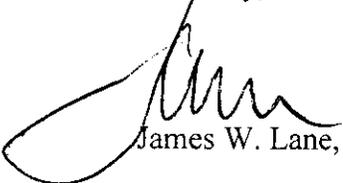
a. My title work for easements involved 20 year title examinations for all property owners.

4. I have examined the records on file in the Office(s) of the Clerk of the County Commission of Taylor and Preston, West Virginia, the county(ies) in which the Project is to be located, and, in my opinion, the Haymond Public Service District has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

a. A chart showing the easements obtained and the site components obtained is attached hereto.

5. All deeds or other documents which have been acquired to date by the Haymond Public Service District have been duly recorded in the aforesaid Clerk's Office(s) in order to protect the legal title to and interest of the Haymond Public Service District.

Sincerely,



James W. Lane, Jr.

cc: Randy Watson  
James V. Kelsh

## HAYMOND PSD EASEMENTS

Name	Sheet	Tax Map	Parcel	Status
ALLEN, SYLVIA GENE	1B	11	42	Good
Alnuzum, Albert	5B	7	15.1	Good
BRADDOCK, JESSE	29B	8	17	Good Have but May not need
BREWER, VIRGINIA MORGAN	11&12A	6	1/3/46/ & 50	Good This consists of four easements
CARROLL, DAVID II	15B	12	5	Good
CATANIA, CHARLES C.	15A	6 & 12	72	Good \$200.00 for easement
CATANIA, CHARLES C.	15A	6 & 12	80	Do not need
CHRISTOPHER, WENDALL&BENSON, JANICE/STEPHEN	27B	4	6.1	Do not need
CITY OF GRAFTON	18	10	93	Good
DHARMA ESTATE MANAGEMENT	25A	6	13	Good
DHARMA ESTATE MANAGEMENT	26	5	13	Do not need
FLOHR, SHARON D.	30B &31	7	24	Good
FLOHR, SAMUEL D.	2B	11	19	Good Two easements (Matthew and Julie Flohr)
GALLAGHER, SEAN PATRICK	12B	6	56	Good
LAPLANTE, JON ½ INTEREST	27B	4	3	Do not need
HALL, JARRET R. HRS	27B	4	3	Do not need
HALL, JARRET R. ½ INTEREST	27B	4	3	Do not need
HAMILTON, WESLEY H. & CAROLYN A.	8B	2	8	Good
HILTON, PATRICIA LEE	3B	11 & 17	28	Do not need

JACOBS, SAMMY R. & SARA LEE	8A	2	3	Good Two easements Daniel and Sandra Jacobs
JONES, GRETTA R.	5A & B,&17	7	15.3	Good
LACARIA, JAMES S.	23	9	48	Do not need
LEIGHTY, JOHN D. & BRENDA D.	1B	11	42.4	Do not need
MALONE, ELIZABETH A. sold to James Jefferies	14B	6 & 12	70	Do not need
MAPLE, RANDY L. & JOYCE SURV.	17	7	14.3	Good
MCCLOY, CLARENCE W. & DORIS M. SURV.	18	11	46	Do not need
MONONGAHELA POWER COMPANY	20	10	40	Do not need
PAINTER, AVONELL S. & DAVID	8A	2	8.1	Do not need
PETERS, GEORGE R. & LINDA	14A	6	53.1	Good
PHILLIPS, CLARK J., WAYNE F., & WILLIAM R.	4B	7	29	Do not need
POWROZNIK, LINDA L.	7A	7	7.1	Do not need
SAJA, EDITH B.	1B	11	42.5	Do not need
SAPP, INEZ F. (RALPH SAPP)	28	4	7	Good
SAPP, INEZ F. (RALPH SAPP)	28	5	43	Good
PETERS, STEVE sold to Donald Stark	6B	7	6	Good
SHUTTLEWORTH, THOMAS R. & VERA O. SURV.	20	9	22	Do not need
SYPOLT, GEORGE L. & NANCY L.	20	10	39	Do not need
TALAGO, JUDITH & STANLEY SURV.	24	9	45	Do not need
TAYLOR COUNTY BOARD OF ED	24	9	46.2	Good
TAYLOR COUNTY BOARD OF ED	24	9	46.1	Good
TAYLOR COUNTY BOARD OF ED	24	9	44	Good
TRICKETT, THOMAS W.	27B	4	6	Good
WILBUR, DAVID L.	3A	11	12	Good

<b>WILLIAMS, WILLIAM C.</b>	<b>6A</b>	<b>7</b>	<b>15.2</b>	<b>Do not need</b>
<b>WILSON, LUCILLE</b>	<b>14A</b>	<b>6</b>	<b>65</b>	<b>Good</b>
<b>McConkey Chapel Church</b>		<b>7</b>	<b>17</b>	<b>Good</b>
<b>Hall Phyllis McDonald</b>		<b>9&amp;10</b>	<b>37</b>	<b>Good</b>

Easements Total -32  
 Good Easements - 32  
 Easement still needed to be acquired -0

### ACQUISITIONS

<b>GRETTA JONES</b>		<b>7</b>	<b>15.3</b>	<b>Good</b>
<b>CATHERINE GELHAUSEN</b>		<b>6</b>	<b>81</b>	<b>Good</b>

Acquisitions Total -2  
 Acquisitions Obtained - 2

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Haymond Public Service District in Taylor County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify, as of the 10th day of December, 2004, in connection with the Issuer's Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004 (collectively, the "Bonds" or individually, the "Series 2004 A Bonds" and the "Series 2004 B Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted December 7, 2004, and a Supplemental Resolution of the Issuer duly adopted December 7, 2004 (collectively, the "Bond Legislation"), when used herein.

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

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

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

The Issuer has outstanding its Water Revenue Bonds, Series 1986, dated November 20, 1986 (the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System.

The Issuer's Waterworks System Refunding Bond Anticipation Notes, Series 2003 (the "Prior Notes"), will be refunded by the proceeds of the Series 2004 A Bonds.

The Series 2004 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding

bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with covenants of the Prior Bonds and the Prior Ordinance.

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

Bond Resolution

Supplemental Resolution

Series 2004 A Bonds Loan Agreement

Series 2004 B Bonds Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Prefiling Notice

Minutes of Organizational Meeting

Excerpt of Minutes Regarding Adoption of Rules of Procedure, Bond Resolution, Supplemental Resolution and First Draw Resolution

Bureau of Public Health Permit

Evidence of Insurance

Letter from Taylor County Public Service District

Series 1986 Bond Resolution

Consent of RUS to Issuance of Parity Bonds

Receipt of Payment of Prior Notes

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Haymond Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Taylor County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 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>
Leonard Lucas	02/02/1988	02/02/2005
John Lucas	02/01/2002	02/01/2008
Donal Matthews	02/06/2000	02/06/2006

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2004 are as follows:

Chairman	-	Leonard Lucas
Secretary	-	John Lucas
Treasurer	-	Donal Matthews

The duly appointed and acting counsel to the Issuer is James V. Kelsh, Esquire, Charleston, West Virginia.

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

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

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

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

11. RATES: The Issuer has received the Recommended Decision and Corrective Order of the Public Service Commission of West Virginia entered on July 20, 2004 and July 23, 2004, respectively, in Case No. 04-0377-PWD-CN, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Orders has expired prior to the date hereof without any appeal. Such Orders remain in full force and effect.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision and Corrective Order of the Public Service Commission of West Virginia entered on July 20, 2004 and July 23, 2004, respectively, in Case No. 04-0377-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving rates. The time for appeal of such Final Orders has expired prior to the date hereof without any appeal. Such Orders remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series, numbered AR-1 and BR-1, respectively, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received (a) \$64,403 from the Council and the Authority, being a portion of the principal amount of the Series 2004 A Bonds; and (b) \$378,397 from the Council and the Authority, being the entire principal amount of the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

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

18. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

19. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: Unless it shall hereafter be qualified for an exception, the Issuer shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act"), and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Issuer hereby certifies to the Council and the Authority that (i) the Issuer will comply with all the requirements of the West Virginia

Jobs Act; (ii) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (iii) the Issuer has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor (“DOL”); and (iv) the Issuer will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The Issuer will also certify in the monthly requisitions submitted to the Council that the Issuer is monitoring compliance by its contractors and subcontractors and that the required information has been submitted

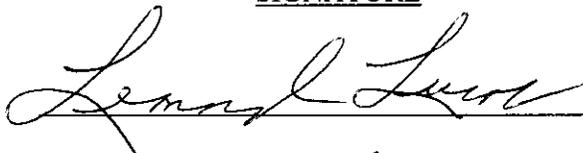
20. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of HAYMOND PUBLIC SERVICE DISTRICT as of the day and year first written above.

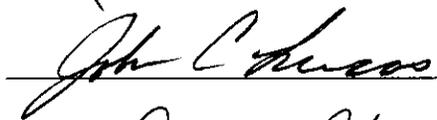
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

  
\_\_\_\_\_

Chairman

  
\_\_\_\_\_

Secretary

  
\_\_\_\_\_

Counsel to Issuer

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

ENGINEER'S CERTIFICATE

I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public waterworks system (the "System") of Haymond Public Service District (the "Issuer"), to be constructed primarily in Taylor County, West Virginia, which acquisition and construction are being financed by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on December 7, 2004, the Loan Agreement for the Series 2004 A Bonds, by and between the Issuer, the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated December 10, 2004 and the Loan Agreement for the Series 2004 B Bonds, by and between the Issuer and the Authority, on behalf of the Council, dated December 10, 2004 (collectively, the "Loan Agreements").

2. The Bonds are being issued for the purposes of (i) paying in full the entire outstanding principal of and all accrued interest on the Issuer's Waterworks System Refunding Bond Anticipation Notes, Series 2003 (the "Prior Notes"); (ii) paying the acquisition and construction of the Project; and (iii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health (the "BPH") and any change orders approved by the Issuer, the Council and the BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are

in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and in reliance upon the opinion of Issuer's counsel, James V. Kelsh, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Gary K. Bennett, CPA, of even date herewith, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority and the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 10th day of December, 2004.

(SEAL)

  
H. Wood Thrasher, P.E.  
West Virginia License No. 9478

11/16/04  
394620.00001

**HAYMOND PSD WATER EXTENSION PROJECT**

Project #96W-225

Expenditure Schedule #1 12/6/2004

IJDC Loan	Per Schedule B	Adjustments	Revised Budget	Prior Request	Requested this draw	Requested to Date	Remaining Funds
<b>Construction:</b>							
a. Contract 1 (Sunrise)	\$1,060,402.00		\$1,060,402.00	\$0.00	\$0.00	\$0.00	\$1,060,402.00
<b>Engineering:</b>							
a. Planning	\$5,000.00		\$5,000.00	\$0.00	\$5,000.00	\$5,000.00	\$0.00
b. Basic Design	\$66,000.00		\$66,000.00	\$0.00	\$49,060.00	\$49,060.00	\$16,940.00
c. Engineering / Inspection	\$57,300.00		\$57,300.00	\$0.00	\$10,373.50	\$10,373.50	\$46,926.50
d. Special Services	\$22,000.00		\$22,000.00	\$0.00	\$17,639.02	\$17,639.02	\$4,360.98
<b>Legal (Kelsh)</b>	\$4,500.00		\$4,500.00	\$0.00	\$3,920.14	\$3,920.14	\$579.86
<b>Legal (Lane)</b>	\$7,522.54		\$7,522.54	\$0.00	\$7,522.54	\$7,522.54	\$0.00
<b>Accounting</b>	\$3,200.00		\$3,200.00	\$0.00	\$3,200.00	\$3,200.00	\$0.00
<b>Administration</b>	\$20,472.15		\$20,472.15	\$0.00	\$2,434.65	\$2,434.65	\$18,037.50
<b>Sites &amp; Other Lands</b>	\$5,000.00		\$5,000.00	\$0.00	\$4,150.00	\$4,150.00	\$850.00
<b>Miscellaneous:</b>							
a. Bank Loan Payoff	\$300,138.15		\$300,138.15	\$0.00	\$300,138.15	\$300,138.15	\$0.00
b. DOH Performance Bond	\$500.00		\$500.00	\$0.00	\$0.00	\$0.00	\$500.00
c. DOH Inspection Fees	\$25,000.00		\$25,000.00	\$0.00	\$0.00	\$0.00	\$25,000.00
d. Interest	\$17,561.25		\$17,561.25	\$0.00	\$17,561.25	\$17,561.25	\$0.00
e. Health Dept. Permit	\$300.00		\$300.00	\$0.00	\$300.00	\$300.00	\$0.00
f. WVDEP Permit	\$2,000.00		\$2,000.00	\$0.00	\$0.00	\$0.00	\$2,000.00
<b>Construction Contingency</b>	\$70,000.91		\$70,000.91	\$0.00	\$0.00	\$0.00	\$70,000.91
<b>Cost of Financing</b>							
Bond Counsel	\$21,000.00		\$21,000.00	\$0.00	\$21,000.00	\$21,000.00	\$0.00
Registrar Fee	\$500.00		\$500.00	\$0.00	\$500.00	\$500.00	\$0.00
<b>Totals</b>	<b>\$1,688,397.00</b>	<b>\$0.00</b>	<b>\$1,688,397.00</b>	<b>\$0.00</b>	<b>\$442,799.25</b>	<b>\$442,799.25</b>	<b>\$1,245,597.75</b>

Contingency Summary	Description	Amount	\$70,000.91
Date			
<b>TOTAL</b>		<b>\$0.00</b>	

**RESOLUTION**

**WHEREAS**, the Haymond Public Service District has reviewed the attached invoices relating to their water extension project and finds as follows:

1. That none of the items for which payment is proposed under this requisition has formed the basis for any disbursement previously made.
2. 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.
3. That each of such cost has been otherwise properly incurred; and
4. That payment for each of the items proposed is then due and owing.

**NOW, THEREFORE, BE IT RESOLVED** by the Haymond Public Service District that the attached invoices as summarized, is hereby authorized and directed for payment.

**ADOPTED** by the Haymond Public Service District on 7<sup>th</sup> day of December, 2004.

Haymond Public Service District

  
Chairman

# GARY K. BENNETT

Certified Public Accountant

317 Cleveland Avenue  
Fairmont, WV 26554  
Telephone: (304) 366-4295  
Fax: (304) 366-4311

December 10, 2004

Haymond Public Service District  
Water Refunding Revenue Bonds, Series 2004 A and Series B  
(West Virginia Infrastructure Fund)

Haymond Public Service District  
Grafton, 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 rates and charges set forth in the Recommended Decision and Corrective Order of the Public Service Commission of West Virginia entered July 20, 2004 and July 23, 2004, respectively, in Case No. 04-0377-PWD-CN and the projected operating expenses and anticipated customer usage as furnished to me by Haymond Public Service District (the "Issuer"), it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the existing waterworks system of the Issuer (the "System"), will pay all operating expenses of the System and (i) leave a balance each year equal to at least 110% of the annual debt service on the Prior Bonds, as defined herein, and to make all payments required by the resolution authorizing the Prior Bonds and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 2004 A and Series 2004 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued 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 Water Revenue Bond, Series 1986, dated August 27, 1986 (the "Prior Bonds").

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

Very truly yours,



Gary K. Bennett  
Certified Public Accountant

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 10th day of December, 2004, the undersigned Chairman of the Public Service Board of Haymond Public Service District in Taylor County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of its \$1,310,000 Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and \$378,397 Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004 (collectively, the "Bonds" or the "Series 2004 Bonds"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on December 7, 2004 (the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on 10th day of December, 2004, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2004 Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), 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 2004 Bonds were sold on the 10th day of December, 2004, to the Authority, pursuant to the loan agreements dated the 10th day of December, 2004, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$1,688,397 (100% of par), at which time, the Issuer received \$64,403, being the first advance of the principal amount of the Series 2004 A Bonds and \$378,397, being the entire principal amount of the Series 2004 B Bonds. No accrued interest has been or will be paid on the Series 2004 Bonds. The balance of the principal amount of the Series 2004 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2004 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying in full the entire outstanding principal of and all accrued interest on the Issuer's Waterworks System Refunding Bond Anticipation Notes, Series 2003 (the "Prior Notes"); (ii) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project") and (iii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September 1, 2006. The acquisition and construction of the Project is expected to be completed by June 1, 2006.

8. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$1,688,397. Sources and uses of funds for the Project are as follows:

#### SOURCES

Gross Proceeds of the Series 2004 A Bonds	\$1,310,000
Gross Proceeds of the Series 2004 B Bonds	<u>\$ 378,397</u>
Total Sources	\$1,688,397

USES

Payment of Prior Notes	\$ 300,138.15
Cost of Project	\$1,366,758.85
Cost of Issuance	<u>\$ 21,500.00</u>
Total Uses	\$1,688,397.00

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2004 Bonds:

- (1) Revenue Fund;
- (2) Depreciation Reserve;
- (3) Series 2004 Bonds Construction Trust Fund;
- (4) Series 2004 A Bonds Sinking Fund;
- (5) Series 2004 A Bonds Reserve Account;
- (6) Series 2004 B Bonds Sinking Fund; and
- (7) Series 2004 B Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited in the Series 2004 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2004 Bonds and related costs.

11. Monies held in the respective Series 2004 Bonds Sinking Funds will be used solely to pay principal of and interest, if any, on the respective Series 2004 Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the respective Series 2004 Bonds Sinking Funds and the respective Series 2004 Bonds Reserve Accounts, if any, will be withdrawn therefrom and deposited into the Series 2004 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 6 months of the date hereof.

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

14. With the exception of the amount deposited in the respective Series 2004 Bonds Sinking Funds for payment of interest, if any, on the Bonds and the amount deposited in the respective Series 2004 Bonds Reserve Accounts, if any, all of the proceeds of the Bonds will be expended on the Project within 9 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the respective Series 2004 Bonds Reserve Accounts 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 other available funds, or (b) created the respective Series 2004 Bonds Reserve Accounts which will be funded with equal payments made on a monthly basis over a 10-year period until such respective Series 2004 Bonds Reserve Accounts hold amounts equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the respective Series 2004 Bonds Reserve Accounts and the respective Series 2004 Bonds Sinking Funds will be used solely

to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

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

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

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

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

HAYMOND PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

12/02/04  
394620.00001

The Taylor County Commission met on December 20, 1977 at 7:00 P.M. Those present were: Glenn Sapp, Donald V. Shaffer, and John M. Keener. Also present were: John Hoff, Julian Barton, Sandy Barton, John Eddy Whitescarver, Col, Martha Glenn Flesher, Richard Green, and Carl Knotts.

A hearing was conducted regarding the proposed re-districting. Questions were raised as to why three districts were recommended by consultant, the one man one vote requirement, and any precinct changes. These questions were answered by the consultant, John Hoff.

Donald V. Shaffer made a motion to adopt re-districting plan as proposed. Motion was seconded by John M. Keener. Motion Carried. Order is recorded at the end of these Minutes.

A motion was made by Donald V. Shaffer and seconded by John M. Keener to approve Notice of Public Hearing on Creation of Haymond Water District. Motion Carried. Order is recorded at the end of these Minutes.

A letter was received from Ronald D. McWilliams resigning for the Taylor County Civil Service Commission. A motion was made by John M. Keener seconded by Donald V. Shaffer to accept this resignation. Motion Carried. A letter of appreciation was to be send to Mr. McWilliams. The Deputy Sheriff's were to be notified to suggest three names for their representative to serve on this Commission. The Taylor County Commission will then make an appointment to replace Mr. McWilliams on this Commission.

A motion was made by John M. Keener seconded by Donald V. Shaffer to re-appoint Roxie C Fowler to the Taylor County Civil Service Commission retro-active to July 1, 1977. Motion Carried.

A motion was made by Donald V. Shaffer seconded by John M. Keener to approve a one-time Cost of Living pay of \$500.00 from Anti-Recession funds as outlined on the "Fact Sheet" received by the State Tax Commissioners Office. Motion Carried. This increase is to be paid to full-time county employees with the exception that the following persons have been determined not eligible for this increase: Frederick Knight, L. N. Thorp, and Charles Burke

A motion was made by John M. Keener and seconded by Donald V. Shaffer to approve the Notary Application of Lloyd Wessley Spring III and Donna L. Hoover and Deputy Sheriff Bond of Frederick Lee Knight. Motion Carried.

A per Sheriff Hulley's letters, A motion was made by Donald V. Shaffer and seconded by John M. Keener to increase the salary of Ricky Reese effective January 1, 1978 to \$6,200.00 per year and to permit Mr. Charles Burke to resume his duties in the Taylor County Sheriff's Department effective January 1, 1978. Motion Carried.

A motion was made by Donald V. Shaffer and seconded by John M. Keener to set the Board of Equalization and Review Meeting as per the following schedule:

January 25 ,	9:00 A.M. - 12:00 noon
January 26,	7:00 P.M. - 9:00 P.M.
January 27,	1:00 P.M. - 4:30 P.M.

Motion Carried.

No further business came before the Commission. Meeting adjourned at 10:30 P.M.

NOTICE OF PUBLIC HEARING  
ON CREATION OF THE  
HAYMOND WATER DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 20th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District"; and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63° 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0° 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37° 20' W. 1.51 miles to a point; thence S. 74° 10' W. 0.58 miles to a point; thence S. 10° 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68° 30' W. 0.49 miles to a point; thence N. 22° 30' W. 0.17 miles to a point in the middle of the Jgart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72° 45' E. 3.5 miles to a point; thence N. 34° 20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning containing 38.23 square miles in area.

The County Commission of Taylor County, West Virginia on the 20th day of December, 1977, fixed a hearing for January 10, 1978, at 9:00 A. M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district.

By Order of the County Commission this 20th day of December, 1977.

*Nancy Virginia Fowler*  
Clerk of the Taylor County Commission

A Copy Teste *Nancy Virginia Fowler* Clerk

NOTICE OF PUBLIC HEARING  
ON CREATION OF THE  
HAYMOND WATER DISTRICT

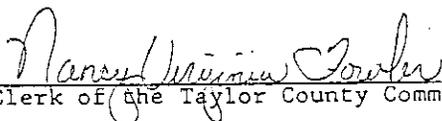
NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia, and has been presented to the County Commission of Taylor County asking for the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District"; and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63° 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0° 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37° 20' W. 1.51 miles to a point; thence S. 74° 10' W. 0.58 miles to a point; thence S. 10° 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68° 30' W. 0.49 miles to a point; thence N. 22° 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72° 45' E. 3.5 miles to a point; thence N. 34° 20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning containing 38.23 square miles in area.

And whereas the County Commission of Taylor County, West Virginia, have on their own motion passed a motion calling for a resolution to fix a date for hearing on the creation of said public service district.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Commission of Taylor County will conduct a public hearing on January 10, 1978 at 9:00 A.M. in the County Court House at Grafton, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Commission this 20th. day of December, 1977.

  
Clerk of the Taylor County Commission

A Copy Tests Nancy Virginia Fowler Clerk

that the sheriff make note on the original copy of the notice where the notices were posted. Motion was made by Donald V. Shaffer that the hearing be advertised in this manner. Motion was seconded by John M. Keener. Motion Carried.

The meeting for the Proposed Use Hearing for Entitlement IX Revenue Sharing was discussed and publication of the notice of the meeting will be published in the Mountain Statesman ten days prior to the scheduled meeting on January 24, 1978, at 7:00 p.m. in the Court House.

The bids for the tax tickets from Casto & Harris and Dayton Legal Blank were discussed. A motion was made by Donald V. Shaffer that the bid from Casto & Harris in the amount of \$2,393.10 be accepted. John M. Keener seconded the motion. Motion Carried.

No further business came before the Commission. Meeting adjourned at 10:00 A.M.

NOTICE OF PUBLIC HEARING ON CREATION OF THE  
HAYMOND WATER DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 20th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District" and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 3/4 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

The County Commission of Taylor County, West Virginia on the 10th day of January, 1978, fixed a hearing for February 6th, 1978 at 9:00 A. M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district.

It is further ordered this 10th day of January, 1978, that this notice of public hearing be posted in five public places within the water district at least ten days prior to hearing.

*Nancy Virginia Smith* Clerk of the  
Taylor County Commission

A Copy Tests *Nancy Virginia Smith* Clerk

NOTICE HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 20th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District" and having the following described boundaries:

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The County Commission of Taylor County, West Virginia on the 10th day of January, 1978, fixed a hearing for February 6th, 1978 at 9:00 A. M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district.

It is further ordered this 10th day of January, 1978, that this notice of public hearing be posted in five public places within the water district at least ten days prior to hearing.

*Nancy Virginia Fowler* Clerk of the  
Taylor County Commission

On January 24, 1978, five (5) notices were posted on the  
Haymond Water District meeting for 0900 hrs, February 6, 1978, at the  
following places:

Haymond School (US 119)

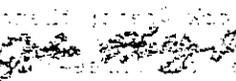
Tygart River Camping Area Store (St. Sec. Rt. 5)

Highway Auto Sales (US 119)

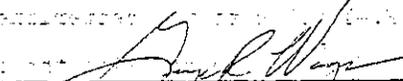
Thorns Motor Service (US 119)

Andrews Service (Wilson Ridge, St. Sec. Rt. 30)

These postings were requested by the Taylor County  
Commission.

  
John Hulley, Jr.

Sheriff of Taylor County

  
George R. Wagner

Captain, Taylor County  
Sheriff's Department

The Taylor County Commission met on January 10, 1978, at 9:00 A.M. Those present were: Glenn Sapp, Donald V. Shaffer and John M. Keener. Also present was attorney LaVerne Sweeney.

A hearing was scheduled for this morning regarding the creation of the Haymond Water District so that all interested persons could appear before the County Commission. No one appeared.

LaVerne Sweeney, Attorney for the proposed public service district, explained to the Commission that the legal notice published in the Mountain Statesman on December 20, 1977, had not met the requirements for the scheduled hearing this morning. He further stated that another legal notice must be published and also notices be posted in five public places within the water district at least ten (10) days prior to the hearing that the Commission scheduled for February 6, 1978, at 9:00 a.m. It was suggested by Mr. Sweeney

Grafton, West Virginia  
February 6, 1978

The Taylor County Commission, West Virginia, assembled in regular session, pursuant to law and to the rules of said Commission at the County Court House, Grafton, West Virginia, at 9:00 o'clock A.M. The meeting was called to order the roll being called there were present Glenn Sapp, President, presiding, and the following named Commissioners:

Donald V. Shaffer  
John M. Keener

Absent:  
None

This being the date fixed by prior action of the County Commission for conducting the public hearing on the creation of the proposed Raymond Water District for residents of the proposed district living in Taylor County, West Virginia, the president announced that all such 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 and all such interested persons desiring to be heard were given full opportunity.

The County Commission then further discussed the creation of said public service district, whereupon Donald V. Shaffer introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Raymond Water District in Taylor County, West Virginia,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. John M. Keener seconded the motion and

-2-

after due consideration the President put the question on the motion and the roll being called, the following voted:

Ays: Three

Nays: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

Donald V. Shaffer introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the Public Service Board of the Raymond Water District."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. John M. Keener seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Ays: Three

Nays: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

*Donald V. Shaffer*  
President

Attest:

*Nancy Virginia Fowler*  
Clerk

Copy Teste *Nancy Virginia Fowler* Clerk

A RESOLUTION AND ORDER creating  
Haymond Water District in  
Taylor County, West Virginia

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore by a resolution and order adopted January 10, 1978, fix a date for a public hearing on the creation of the proposed Haymond Water District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting and have 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 13-A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Commission has given due consideration to all matters for which said hearing was offered: and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order creating said district:

NOW, THEREFORE; Be It and It Is Hereby Resolved and Ordered by the County Commission of Taylor County, West Virginia, as follows:

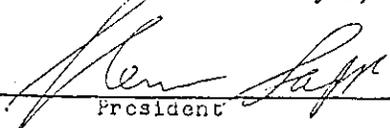
Section 1. That a public service district within Taylor County, West Virginia, is hereby created and said district shall have the following described boundaries;

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

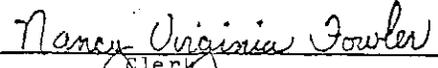
Section 2. That said public service district so created shall have the name and corporate title of "Haymond Water District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13-A of Chapter 16 of the West Virginia Code.

Section 3. That the County Commission of Taylor County, West Virginia, has determined that the territory within Taylor County, having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COMMISSION February 6, 1978.

  
\_\_\_\_\_  
President

Attest:

  
\_\_\_\_\_  
Clerk

A Copy To  Clerk

A RESOLUTION AND ORDER appointing members to the public service board of the Haymond Water District

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore by resolution and order adopted February 6, 1978, create the Haymond Water District; and

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

WHEREAS, since there is no city, incorporated town or other municipal corporation with a population in excess of 3,000 included within said district, it is provided by said Article 13-A of Chapter 16 of the West Virginia Code that this County Commission shall appoint three members of said board, who shall be persons residing within the district;

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Commission of Taylor County, West Virginia, as follows:

Section 1. That the County Commission of Taylor County, West Virginia, hereby finds and determines that James Leonard Lucas, Donald L. Mathew, and Fred Yost are persons residing within the Haymond Water District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

Fred Yost, for a term of six years from the first day of the month in which this resolution and order is adopted;

-2-

Donald L. Mathew for a term of four years from the first day of the month in which this resolution and order is adopted; and

James Leonard Lucas for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable, at the Office of the Clerk of said County Commission and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Haymond Water District shall meet and organize in compliance with the provisions of Article 13-A of Chapter 16 of the West Virginia Code.

ADOPTED BY THE COUNTY COMMISSION February 6, 1978.

James Leonard Lucas resident

Attest:

Nancy Virginia Fowler Clerk

STATE OF WEST VIRGINIA ) 33. COUNTY OF TAYLOR )

I, Nancy Virginia Fowler, hereby certify that I am the duly qualified and acting Clerk of the County Commission of Taylor County, West Virginia, and that the foregoing constitutes a true correct and complete transcript of the proceedings of said County Commission as had under date of February 6, 1978, and resolution and orders then adopted relating to the creation of Haymond Water District, and appointment of members to the public service board of said district.

-3-

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Grafton, West Virginia, this February 6, 1978.

Nancy Virginia Fowler Clerk of the Taylor County Commission

Court Order Book 20

STATE OF WEST VIRGINIA, }  
COUNTY OF TAYLOR } TO-WIT

I, Donald L. Matlow, do solemnly swear  
that I will support the Constitution of the United States, the  
Constitution of the State of West Virginia, and that I will  
faithfully and impartially discharge the duties of the office  
of Member of the <sup>Southwestern</sup> ~~Southwestern~~ Water District in compliance with  
Article 13-A, of the West Virginia Code, in and for  
Taylor County, West Virginia, to the best of  
my skill and judgment, during my continuance in the same;  
SO HELP ME GOD.

*Donald L. Matlow*

Subscribed and sworn to, before Nancy Virginia Fowler  
Clerk of Taylor County, West Virginia, this 6th day of February  
1928.

Nancy Virginia Fowler  
Clerk Taylor County Court

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

OFFICE OF THE COUNTY CLERK OF THE COUNTY OF TAYLOR COUNTY

I, Nancy Virginia Fowler, Clerk of the County  
Court in and for the County of Taylor and State of West Virginia,  
having a Seal, do hereby certify the above and foregoing to be a  
full, true and complete copy of an original paper as presented  
in this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and  
the Seal of said Office in the City of Grafton, County of Taylor,  
and State of West Virginia, this 6th day of February  
1928.

Nancy Virginia Fowler  
Clerk Taylor County Court

STATE OF WEST VIRGINIA, }  
COUNTY OF TAYLOR } TO-WIT

I, Fred Voss, do solemnly swear  
that I will support the Constitution of the United States, the  
Constitution of the State of West Virginia, and that I will  
faithfully and impartially discharge the duties of the office  
of Member of the <sup>Southwestern</sup> ~~Southwestern~~ Water District in compliance with  
Article 13-A, of the West Virginia Code, in and for  
Taylor County, West Virginia, to the best of  
my skill and judgment, during my continuance in the same;  
SO HELP ME GOD.

*Fred Voss*

Subscribed and sworn to, before Nancy Virginia Fowler  
Clerk of Taylor County, West Virginia, this 6th day of February  
1928.

Nancy Virginia Fowler  
Clerk Taylor County Court

STATE OF WEST VIRGINIA }  
COUNTY OF TAYLOR } TO-WIT

I, James Leonard Lucas, do solemnly swear  
that I will support the Constitution of the United States, the  
Constitution of the State of West Virginia, and that I will  
faithfully and impartially discharge the duties of the office  
of Member of the <sup>Southwestern</sup> ~~Southwestern~~ Water District in compliance with  
Article 13-A, of the West Virginia Code, in and for  
Taylor County, West Virginia, to the best of  
my skill and judgment, during my continuance in the same;  
SO HELP ME GOD.

*James Leonard Lucas*

Subscribed and sworn to, before Nancy Virginia Fowler  
Clerk of Taylor County, West Virginia, this 6th day of February  
1928.

Nancy Virginia Fowler  
Clerk Taylor County Court

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

OFFICE OF THE COUNTY CLERK OF THE COUNTY OF TAYLOR COUNTY

I, Nancy Virginia Fowler, Clerk of the County  
Court in and for the County of Taylor and State of West Virginia,  
having a Seal, do hereby certify the above and foregoing to be a  
full, true and complete copy of an original paper as presented  
in this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and  
the Seal of said Office in the City of Grafton, County of Taylor,  
and State of West Virginia, this 6th day of February  
1928.

Nancy Virginia Fowler  
Clerk Taylor County Court

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

OFFICE OF THE COUNTY CLERK OF THE COUNTY OF TAYLOR COUNTY

I, Nancy Virginia Fowler, Clerk of the County  
Court in and for the County of Taylor and State of West Virginia,  
having a Seal, do hereby certify the above and foregoing to be a  
full, true and complete copy of an original paper as presented  
in this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and  
the Seal of said Office in the City of Grafton, County of Taylor,  
and State of West Virginia, this 6th day of February  
1928.

Nancy Virginia Fowler  
Clerk Taylor County Court

Nancy Virginia Fowler Clerk

A Copy Teste Nancy Virginia Fowler Clerk

NOTICE OF PUBLIC  
HEARING ON CREATION  
OF THE HAYMOND  
WATER DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 20th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance operation improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District" and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 43 degrees 40' E. 2.84 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 89 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.66 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 4.18 miles to a point; thence S. 10 degrees 20' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.4 miles to a point; thence leaving the Grafton Corporation Boundary Line 3.79 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 48 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 2.5 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 2.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.53 miles to the beginning containing 38.73 square miles in area.

The County Commission of Taylor County, West Virginia on the 10th day of January, 1978, fixed a hearing for February 4th, 1978 at 9:00 A.M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district.

It is further ordered this 10th day of January, 1978, that this notice of public hearing be posted in five public places within the water district at least ten days prior to hearing.

Nancy Virginia Fawcett  
Clerk of the Taylor  
County Commission

NOTICE OF PUBLIC HEARING  
TO AMEND NAME OF THE  
HAYMOND WATER DISTRICT

NOTICE IS HEREBY GIVEN that at a regular meeting of the Taylor County Commission held on June 2, 1980. A motion was made by Donald V. Shaffer seconded by Richard W. Coplin to amend name of Haymond Water District to Haymond Public Service District. Motion Carried. The said Haymond Public Service District will have the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County line S. 63° 40' E. 2.64 miles to the Preston County line; thence with Preston-Taylor County line S. 0° 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public

Service District Boundary S. 59° W. 1.33 miles to a point; thence E. 85° W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37° 20' W. 1.51 miles to a point; thence S. 74° 10' W. 0.58 miles to a point; thence S. 10° 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68° 30' W. 0.49 miles to a point; thence N. 22° 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County

Boundary Line N. 72° 45' E. 3.5 miles to a point; thence N. 34° 20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning containing 38.23 square miles in area.

And whereas the County Commission of Taylor County, West Virginia, have on their own motion passed a motion calling for a resolution to fix a date for hearing on the amending of the name of said public service district.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Commission of Taylor County will conduct a public hearing on June 23, 1980 at 9:00 A.M. in the County Court House at Grafton, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the amending of the name of Haymond Water District to Haymond Public Service District.

By Order of the County Commission this 2nd. day of June, 1980.

A RESOLUTION AND ORDER AMENDING NAME OF  
Haymond Water District in Taylor County,  
West Virginia to Haymond Public Service  
District in Taylor County, West Virginia

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore by a resolution and order adopted June 2, 1980, fix a date for a public hearing to amend name of Haymond Water District to Haymond Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the amending of name of said district; and

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

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order amending name of said district:

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

Section 1. That Haymond Public Service District in Taylor County, West Virginia, shall have the following described boundaries:

"Beginning at the common boundary point with Taylor, Marlon and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.54 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Trypt Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

Section 2. That said public service district so created on February 6, 1980 shall have the name and corporate title of "Haymond Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13-A of Chapter 16 of the West Virginia Code.

Section 3. That the County Commission of Taylor County, West Virginia, has determined that the territory within Taylor County, having the heretofore described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said

public service district will be conducive to the preservation of public health, comfort and convenience of such area.

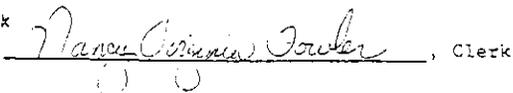
ADOPTED BY THE COUNTY COMMISSION June 23, 1980.

  
President

Attest:

  
Clerk

A Copy Teste Nancy Virginia Fowler Clerk

  
Clerk

It was noted that the Sheriff's Financial Statement for May had not been filed and County Clerk had not closed out her accounting records.

A motion was made by Robert Weaver seconded by Tony Veltri to approve the Delinquent List as submitted by the Sheriff. Motion Carried Unanimously.

A motion was made by Robert Weaver seconded by Tony Veltri to approve Janette Jennings as an employee in the County Clerk's Office effective July 1, 2004. Motion Carried Unanimously.

Bills were approved as follows:

General County	28,429.92
Grants Fund	15,000.00
Coal Severance	1,000.00
Dog Tax	438.21
Magistrate	11,359.27
Worthless Check	6,634.73
TOTAL	\$62,862.13

No further business came before the Commission. Meeting adjourned at 12:15 P.M.

*Court Order Book 25*

*Nancy Virginia Smith* Clerk

The Taylor County Commission met on July 6, 2004 at 9:30 A.M. Those present were: Tony Veltri & Robert Weaver.

A motion was made by Robert Weaver seconded by Tony Veltri to change the scope of the grant for the Joliff Building to also include the M&M Building. The priority for the Joliff Building is for drainage and M&M Building is for weatherization. Motion Carried Unanimously.

A motion was made by Robert Weaver seconded by Tony Veltri to approve Exonerations as submitted by the Assessor.

Saltis, Steve & Twyla K.  
Wyckoff, Thomas G. & Holly

Exon. 28.10  
Exon. 20.52

Motion Carried Unanimously.

A motion was made by Robert Weaver seconded by Dave Gobel to appoint Rusty Efav on the Taylor Co. Deputy Sheriff's Civil Service Commission to represent the Deputy Sheriff's Civil Service Commission for the unexpired term to Feb. 3, 2007. Motion Carried Unanimously.

A motion was made by Robert Weaver seconded by Dave Gobel to appoint Carole Klepfel on the Taylor County PSD as the City of Grafton appointment and term will expire on June 6, 2007. Motion Carried Unanimously.

Robert Weaver made a motion seconded by Dave Gobel to re-appoint Leonard Lucas to the Haymond PSD retro-active to February 6, 2004. Motion Carried Unanimously.

Robert Weaver made a motion seconded by Dave Gobel to re-appoint Donald Gull on Southwestern PSD retro-active to June 14, 2004. Motion Carried Unanimously.

The Commission will meet on July 22, 2004 at 9:30 A.M.

The Commission met with Michael Dougherty, Extension Specialist, and reviewed a draft of the Personnel Manual.

The Commission met with Tetrick & Bartlett regarding 2002 Audit. Eight items were reported as Compliance Findings: Abandoned Property, General Receiver, Annual Reports of Guardians and Conservators, Payment by Sheriff to Entities by the 10th of month. Bond Depositories (Board of Health), Performance Bonds and Financial Statement Publication (due to dates of publication by newspaper). Compensated absences needs to be provided by each elected official as of June 30 each year. The audit was very good and Tetrick & Bartlett expressed the audit went well and County Offices cooperated with information requested.

Robert Weaver made a motion seconded by Dave Gobel to approve a loan to Taylor County Development Authority in the amount of \$25,000.00. It is understood that this money will be loaned to the Taylor County Fair Association and the 3.5% interest will be retained by the Development Authority and the principal paid to the County. Motion Carried Unanimously. ( See Page 158)

A motion was made by Dave Gobel seconded by Robert Weaver to approve salary change for Rebecca Hussion subject to it being available in the Sheriff's Tax Office Budget. Motion Carried Unanimously.

A motion was made by Dave Gobel seconded by Robert Weaver to approve Dog Tax Commission for the Assessor in the amount of \$1,331.90. Motion Carried Unanimously.

Robert Weaver made a motion seconded by Dave Gobel to approve Depository Bond as submitted by First Community Bank. Motion Carried Unanimously. Bond is recorded at the end of these Minutes.

Wills and Settlements were approved.

Bills were approved as follows:

General County	24,382.79
Dog Tax	62.29
911 Fund	122.05
Coal Severance	3,042.68
TOTAL	\$27,609.81

No further business came before the Commission. Meeting adjourned at 4:10 P.M.

*Nancy Virginia Fowler*, Clerk

A Copy Teste

*Nancy Virginia Fowler* Clerk

The Taylor County Commission met on July 1, 2002 at 9:30 A.M. Those present were: James A. Kinsey, Robert Weaver & Tony Veltri.

Tony Veltri made a motion seconded by Robert Weaver to approve Minutes of last two meetings. Motion Carried Unanimously.

Herb & Judy Baker from Hickory Hills met with the Commission regarding a complaint on neighbor's barking dogs. They had talked to the neighbors about this problem and a deputy sheriff has checked on the problem and the problem still exists. There is a recently enacted law SB3, WV Code 7-1-3KK that the Commission will take under advisement.

A motion was made by Robert Weaver seconded by Tony Veltri to approve Exonerations as submitted by the Assessor.

Comer L. Phelps-Alabama Farmers Co-Op	Exon. 1966.28
James & Charlene Straight	Exon. 109.36
Comer L. Phelps-Alabama Farmers Co-OP	Exon. 2,027.04
Ted E. Haddix	Exon. 151.82
Ted E. Haddix	Exon. 145.64

Motion Carried Unanimously.

The Commission reviewed the 911 Ordinance adopted November 15, 2001. A motion was made by Robert Weaver seconded by Tony Veltri to set Hearing Date to Amend Ordinance for August 15, 2002 at 10:00 A.M. Motion Carried Unanimously. List of Amendments will be available prior to the Hearing and only these items will be addressed at the Hearing.

A motion was made by Robert Weaver seconded by Tony Veltri to approve George Darling to the Taylor County Public Library Board of Trustees to replace Kermit Bias who has retired and does not want to continue on this Board. Motion Carried Unanimously.

A motion was made by Robert Weaver seconded by Tony Veltri to re-appoint John Lucas on the Haymond PSD Board retro-active to February, 2002. Motion Carried Unanimously.

A motion was made by Tony Veltri seconded by Robert Weaver to approve Depository Bond of First Community Bank. Motion Carried Unanimously. Depository Bond is recorded at the end of these Minutes.

A motion was made by Robert Weaver seconded by Tony Veltri to approve Order that was approved on June 13, 2002 to close a portion of Lake View Drive, Woodyard Heights between Lots Nos. 31, 32,33,34,35,36 and 37 to the intersection of Shady Side Drive requested by James M. & Janet Wilson. Motion Carried Unanimously. Order is recorded at the end of these Minutes.

A motion was made by Robert Weaver seconded by Tony Veltri to approve the President to sign the Small Cities Block Grant application for improvements and repairs to Baby World. Motion Carried Unanimously.

Tony Veltri made a motion seconded by Robert Weaver to sign Mutual Aid Agreements submitted by the Sheriff. Motion Carried Unanimously.

The Commission will meet on July 25, 2002 at 9:30 A.M. The Commission will meet



OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF Taylor 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

Haymond Public Service District Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant



Subscribed and sworn to before me in said County and State this 14th day of July, ~~19~~ 2000

Nancy Virginia Fowler  
Clerk of Taylor County Court

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said county, do hereby certify that the foregoing writing, with certificate therein annexed, was this day produced to me in my office and was admitted to record therein.

Given under my hand this 14th day of July, 2000 9:23AM

Nancy Virginia Fowler Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF Taylor 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

Haymond Public Service District Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant John C. Lewis

Subscribed and sworn to before me in said County and State this 2nd day of December, 19 2004

Nancy Virginia Fowler  
Clerk of Taylor County Court

STATE OF WEST VIRGINIA, County of Taylor, to wit

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said county, do hereby certify that the foregoing writing, with certificate therein annexed, was this day produced to me in my office and was admitted to record therein.

Given under my hand this 2nd day of December, 2004 at 3:45PM

Nancy Virginia Fowler Clerk

A Copy Teste

Nancy Virginia Fowler Clerk

OATH OF OFFICE

---

STATE OF WEST VIRGINIA, COUNTY OF Taylor 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

Haymond Public Service District Board Member

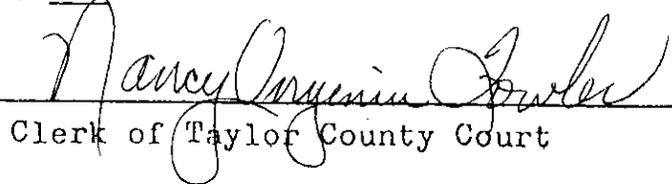
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TO the best of my skill and judgment, so help me God.

Signature of Affiant



Subscribed and sworn to before me in said County and State this 9th  
day of April, ~~10~~ 2004



Clerk of Taylor County Court

RULES OF PROCEDURE  
HAYMOND PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: HAYMOND PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at the Taylor County Courthouse, Grafton, Taylor County, West Virginia.

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

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

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

## PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the District at the front door or bulletin board of the Taylor County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the District at the front door or bulletin board of the Taylor County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

### DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this December 7, 2004.

THE MOUNTAIN STATESMAN  
914 WEST MAIN STREET, GRAFTON, WV 26354  
PHONE: (304) 265-3333

LEGAL ADVERTISING INVOICE

DATE: 12/31/2003

Account # 7485  
LAW OFFICES OF JAMES V KELSH  
P.O. BOX 3713  
1230 BB&T SQUARE  
CHARLESTON, WV 25337

INVOICE # 9300 AMOUNT REMITTED \$           

RE: NOTICE OF PREFILING  
HAYMOND PUBLIC SERVICE DISTRICT  
INSERTION DATES: 12/24/03, 12/31/03

AMOUNT DUE: \$174.57 PLUS \$2 Aff. Fee

Legal Rate Information: 9.5 cents per word for first insertion and 75% per insertion thereafter. FEIN # 363672215

MAKE CHECKS PAYABLE TO

THE MOUNTAIN STATESMAN

914 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354  
PLEASE PUT INVOICE NUMBER ON CHECK  
NOTICE: 1 1/2% SERVICE CHARGE IF NOT PAID IN 30 DAYS  
MINIMUM \$ 1.00

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, SS:

Jean M. Ellerman, Publisher of the Mountain Statesman,  
a newspaper published at Grafton in said county do  
hereby certify that the annexed Legal  
was published TWICE  
in the said Mountain Statesman Newspaper  
aforesaid, commencing on the December 24, 3004

9300

Given under my hand this 31ST DAY OF DECEMBER, 2003

Jean M. Ellerman Publisher

Printers fee \$           

West Virginia, Taylor County, To Wit:  
Subscribed and sworn to before me this

December 31 2003  
Donna L Moore Notary Public

My Commission Expires April 14, 2013



# LEGAL

## NOTICE OF PRELIMING

State of West Virginia  
Public Service Commission  
Charleston

NOTICE IS HEREBY GIVEN that HAYMOND PUBLIC SERVICE DISTRICT ("District"), a public utility, has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity ("Application") for the construction, operation and maintenance of a waterline extension to serve approximately 69 customers along Route 119, Route 26, Route 119/6, Route 26/2, Route 28 to Victoria in Preston County, and to Camp Towles.

The project will consist of approximately 45,500 feet of 2" through 6" waterlines and two new booster pump stations with the costs of the project not to exceed \$1,500,000.

The District intends to finance the project by a \$1,310,000 loan from the West Virginia Infrastructure and Jobs Development Council ("IJC"), payable over 40 years at 0% interest; and a grant from the IJC in the amount of \$476,819. This financing will be used, in part, to retire approximately \$286,819 in interim financing used to perform emergency repairs on 6,100 feet of 10" line along Route 119.

The proposed project-related rates for the project are not to exceed the following:

### METERED RATES

First	3,000 gallons monthly	\$6.18 per 1,000 gallons
Next	3,000 gallons monthly	\$5.53 per 1,000 gallons
Next	4,000 gallons monthly	\$4.55 per 1,000 gallons
Next	5,000 gallons monthly	\$3.90 per 1,000 gallons
All over	15,000 gallons monthly	\$3.25 per 1,000 gallons

### MINIMUM CHARGE

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

5/8 inch meter	\$ 18.54 per month
3/4 inch meter	\$ 27.84 per month
1 inch meter	\$ 46.38 per month
1 1/2 inch meter	\$ 92.70 per month
2 inch meter	\$ 148.32 per month
3 inch meter	\$ 278.10 per month
4 inch meter	\$ 463.50 per month
6 inch meter	\$ 927.00 per month
8 inch meter	\$1,483.20 per month

### INCREMENTAL LEAK ADJUSTMENT

\$1.31 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

These rates represent the following increases:

	(\$) INCREASE	(%) INCREASE
Residential at 4,500 gallons per month	3.48	15.9%
Commercial at 10,000 gallons per month	9.53	21.8
Commercial at 50,000 gallons per month	29.83	18.6

Haymond Public Service District has no resale customers.

The proposed increased rates and charges will produce approximately \$51,553 annually in additional revenue, an increase of approximately 47.1%. The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. Additionally, the following changes may also be applicable to new customers to be served by this Project:

### DELAYED PAYMENT PENALTY

The above tariff is net. On accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount shown.

### CONNECTION CHARGE

\$250.00

### RECONNECTION CHARGE

\$15.00

LEONARD LUCAS  
Chairman  
Haymond Public Service District

Legal 9300  
12/24, 12/31

**NOTICE OF PREFILING**  
**State of West Virginia**  
**Public Service Commission**  
**Charleston**

NOTICE IS HEREBY GIVEN that HAYMOND PUBLIC SERVICE DISTRICT "District", a public utility, has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity "Application" for the construction, operation and maintenance of a waterline extension to serve approximately 69 customers along Route 119, Route 26, Route 119/6, Route 26/2, Route 28 to Victoria in Preston County, and to Camp Towles.

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The proposed project-related rates for the project are not to exceed the following:

**METERED RATES**

First	3,000	gallons	monthly	\$6.18	per	1,000	gallons
Next	3,000	gallons	monthly	\$5.53	per	1,000	gallons
Next	4,000	gallons	monthly	\$4.55	per	1,000	gallons
Next	5,000	gallons	monthly	\$3.90	per	1,000	gallons
All over	15,000	gallons	monthly	\$3.25	per	1,000	gallons

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2	inch meter	\$ 148.32 per month
3	inch meter	\$ 278.10 per month
4	inch meter	\$ 463.50 per month
6	inch meter	\$ 927.00 per month
8	inch meter	\$ 1,483.20 per month

**INCREMENTAL LEAK ADJUSTMENT**

\$1.31 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

These rates represent the following increases:

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Commercial at 10,000 gallons per month	9.53	21.8%
Commercial 50,000 gallons per month	29.83	18.6%

Haymond Public Service District has no resale customers.

The proposed increased rates and charges will produce approximately \$51,553 annually in additional revenue, an increase of approximately 47.1%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its view of this filing. Additionally, the following changes may also be applicable to new customers to be served by this Project:

**DELAYED PAYMENT PENALTY**

The above tariff is net. On accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount as shown.

**CONNECTION CHARGE**

\$250.00

**RECONNECTION CHARGE**

\$15.00

LEONARD LUCAS  
 Chairman  
 Haymond Public Service District  
 12/31/17

Kingwood, W.V.

**Publication**

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that

the notice  
 Notice of Prefiling- Haymond Public Service District

a copy of which notice is hereto annexed, was published in said paper for <sup>Two</sup> successive weeks, beginning with its issue of 12/31/03 and expiring with its issue of 1/7/04

And, I do further certify that on 1/7/04 I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

*Carol Peters*

ADVERTISING MANAGER

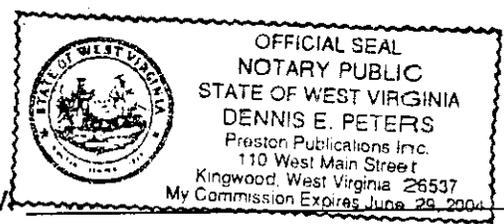
Subscribed and sworn to before me this the

5th day of January, 2004

*Dennis E. Peters*

NOTARY PUBLIC

My commission expires 6/29/2004



Received of \_\_\_\_\_

Amount for publishing notice hereto \$ \_\_\_\_\_

ADVERTISING MANAGER

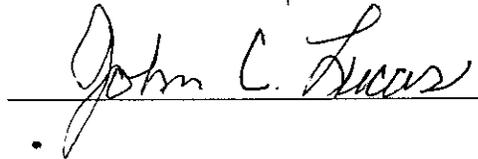
**Haymond PSD  
Regular Meeting  
Jan. 22, 2004**

The Haymond PSD held their regular meeting on Jan. 22, 2004 at 7:30 P.M. Those present were Leonard Lucas, Donal Matthews & John Lucas.

The following appoints were made: Leonard Lucas, Chairman, Donal Matthews, Treasurer, John Lucas, Secretary for Calendar Year 2004.

Met at 7:30 P.M. on Jan. 22, 2004 at Taylor County Courthouse.  
A motion was made by Donal Matthews to pay Jan., 2004 bills seconded by Leonard Lucas. No other business. Meeting adjourned at 8:15 P.M.

  
\_\_\_\_\_

  
\_\_\_\_\_

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

MINUTES OF ADOPTION OF  
RULES OF PROCEDURE, BOND RESOLUTION,  
SUPPLEMENTAL RESOLUTION AND FIRST DRAW RESOLUTION

The undersigned Secretary of the Public Service Board of Haymond Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Haymond Public Service District met in special session, pursuant to notice duly given, on the 7th day of December, 2004, at Grafton, West Virginia, at the hour of 4:00 p.m.

PRESENT: Leonard Lucas - Chairman and Member  
John Lucas - Secretary and Member  
Donal Matthews - Treasurer and Member

ABSENT:

Leonard Lucas, Chairman, presided, and John Lucas 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 proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATERWORKS SYSTEM REFUNDING BOND ANTICIPATION NOTE, SERIES 2003, AND ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF HAYMOND PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); AND NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on 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 WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND) OF HAYMOND PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on 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.

Next, the Chairman presented a proposed First Draw Resolution 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 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.

CERTIFICATE

I further hereby certify that the foregoing action of said Public Service Board of Haymond Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 7th day of December, 2004.

  
\_\_\_\_\_  
Secretary

11/16/04  
394620.00001

THE MOUNTAIN STATESMAN  
914 WEST MAIN STREET, GRAFTON, WV 26354  
PHONE: (304) 265-3333

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, SS:

Jean M. Ellerman, Publisher of the Mountain Statesman,  
a newspaper published at Grafton in said county do  
hereby certify that the annexed Legal # 9569  
was published once a week for ONE  
weeks in said Mountain Statesman newspaper as  
aforesaid, commencing on the 26TH day of NOVEMBER, 2004

LEGAL ADVERTISING INVOICE

DATE: 11/29/2004

Account # 6871  
STEPTOE & JOHNSON  
BANK ONE CENTER 8TH FLOOR  
PO BOX 1588  
CHARLESTON, WV 25326

Given under my hand this 29th day of November, 2004

*Jean M. Ellerman* Publisher

Printers fee \$

West Virginia, Taylor County, To Wit:  
scribed and sworn to before me this

*December 2*  
*Donna L Moore* Notary Public

My Commission Expires *May 14, 2013*

2004

DISTRICT  
TO ADOPT BOND RESOLUTION  
PRINCIPAL AMOUNT OF WATER  
INFRASTRUCTURE FUND)  
PROVIDING FOR THE RIGHTS  
AND REMEDIES OF AND  
SECURITY FOR SUCH  
REGISTERED OWNERS OF SUCH  
BONDS. AUTHORIZING  
EXECUTION AND DELIVERY OF  
ALL DOCUMENTS RELATING TO  
THE ISSUANCE OF SUCH BONDS,  
APPROVING, RATING AND  
CONFIRMING THE LOAN  
AGREEMENTS RELATING TO  
SUCH BONDS, AUTHORIZING  
THE SALE AND PROVIDING FOR  
THE TERMS AND PROVISIONS OF  
SUCH BONDS AND ADOPTING  
OTHER PROVISIONS RELATING  
THERE TO.  
The above-quoted title of the  
Resolution describes generally the  
contents thereof and the purposes  
of the Bonds contemplated thereby.  
AND  
IMPROVEMENTS TO THE EXISTING  
PUBLIC WATERWORKS  
EXTENSIONS TO THE EXISTING  
PUBLIC WATERWORKS  
FACILITIES OF HAYMOND PUBLIC  
SERVICE DISTRICT AND THE  
SYSTEM HERINOND BOND ANTICIPATION  
NOTE, SERIES 2003, (ii) application  
of the outstanding Waterworks  
of a portion of the costs of (i) refunding  
the outstanding Waterworks  
System Herinond Bond Anticipation  
Note, Series 2003, (ii) application  
and construction of certain additions,  
improvements, and  
extensions to the existing public  
waterworks system of the district  
OF NOT MORE THAN \$1,400,000  
THE ISSUANCE BY THE DISTRICT  
AMOUNT OF WATER REVENUE  
IN-AGGREGATE PRINCIPAL  
AND PAYING COSTS OF ISSUANCE OF  
THE BONDS ARE PAYABLE SOLELY FROM THE  
REVENUES TO BE DERIVED FROM THE  
ownership and operation of the  
waterworks 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 finding and  
the Project, and the financing  
contemplated by the Resolution.  
Such meeting is open to the public.

914 WEST MAIN STREET, GRAFTON, WV  
PLEASE PUT INVOICE NUMBER ON CHECK  
NOTICE: 1 1/2% SERVICE CHARGE IF NO  
MINIMUM \$ 1.00  
26354  
DAYS  
LEGAL  
NOTICE OF PUBLIC HEARING  
OF THE PUBLIC SERVICE  
BOARD OF  
HAYMOND PUBLIC SERVICE



# Certificate of Publication

## LEGAL NOTICE

NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF  
HAYMOND PUBLIC SERVICE DISTRICT  
TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the Haymond Public Service District (the "PSD") will be held to consider and adopt the following-entitled resolution, and to take such other action as necessary in relation thereto, on Tuesday, December 7, 2004, at 4:00 p.m., prevailing time, at the Donald V. Shafer Conference Room, 2<sup>nd</sup> Floor, at the Taylor County Courthouse, Grafton, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATERWORKS SYSTEM REFUNDING BOND ANTICIPATION NOTE, SERIES 2003, AND AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF HAYMOND PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); AND NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) refunding of the outstanding Waterworks System Refunding Bond Anticipation Note, Series 2003, (ii) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District and (iii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operations of the waterworks 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 refunding and the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: November 24, 2004.

John Lucas  
Secretary  
11/24

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Haymond Public Service District

a copy of which notice is hereto annexed, was published in said paper for One successive weeks, beginning with its issue of 11/24/04

and expiring with its issue of 11/24/04

And, I do further certify that on 11/24/04

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.



ADVERTISING MANAGER

Subscribed and sworn to before me this the 28<sup>th</sup> day of December, 2004



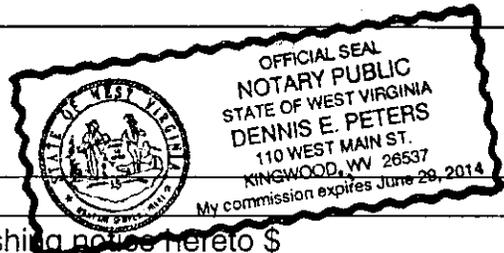
NOTARY PUBLIC

My commission expires 6/29/2014

Kingwood, WV

Received of \_\_\_\_\_

Amount for publishing notice hereto \$ \_\_\_\_\_



ADVERTISING MANAGER

WV MUNICIPAL BOND COMMISSION  
 8 Capitol Street  
 Suite 500, Terminal Building  
 Charleston, WV 25301  
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 10, 2004

ISSUER: Haymond Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 412, Grafton, WV 26354

PURPOSE OF ISSUE: New Money: X  
 Refunding: \_\_\_\_\_

REFUNDS ISSUE(S) DATED: \_\_\_\_\_

ISSUE DATE: December 10, 2004

CLOSING DATE: December 10, 2004

ISSUE AMOUNT: \$ 1,310,000

RATE: 0%

1ST DEBT SERVICE DUE: September 1, 2006

1ST PRINCIPAL DUE: September 1, 2006

1ST DEBT SERVICE AMOUNT: \$ 8,562.10

PAYING AGENT: West Virginia Municipal Bond Comm

**BOND**

COUNSEL: Steptoe & Johnson PLLC  
 Contact Person: Vincent A. Collins, Esquire  
 Phone: (304) 624-8161

**UNDERWRITERS**

COUNSEL: Jackson Kelly PLLC  
 Contact Person: Samme L. Gee, Esquire  
 Phone: (304) 340-1318

CLOSING BANK: First Community Bank, N.A.  
 Contact Person: Gary L. Bolyard  
 Phone: 304.265.1111

ESCROW TRUSTEE: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
 Contact Person: Leonard Lucas  
 Position: Chairman  
 Phone: (304) 265-1401

OTHER: West Virginia Infrastructure & Jobs  
 Development Council  
 Contact Person: Katy Mallory, P.E.  
 Function: Executive Secretary  
 Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:  
 By: \_\_\_\_\_ Wire \_\_\_\_\_  
 \_\_\_\_\_ Check \_\_\_\_\_  
 \_\_\_\_\_ Other: \_\_\_\_\_  
 \_\_\_\_\_ Accrued Interest: \$ \_\_\_\_\_  
 \_\_\_\_\_ Capitalized Interest: \$ \_\_\_\_\_  
 \_\_\_\_\_ Reserve Account: \$ \_\_\_\_\_  
 \_\_\_\_\_ Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE  
 By: \_\_\_\_\_ Wire \_\_\_\_\_  
 \_\_\_\_\_ Check \_\_\_\_\_  
 \_\_\_\_\_ IGT \_\_\_\_\_  
 \_\_\_\_\_ To Escrow Trustee: \$ \_\_\_\_\_  
 \_\_\_\_\_ To Issuer: \$ \_\_\_\_\_  
 \_\_\_\_\_ To Cons. Invest. Fund: \$ \_\_\_\_\_  
 \_\_\_\_\_ To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
 \_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: \_\_\_\_\_  
 TRANSFERS REQUIRED: \_\_\_\_\_

WV MUNICIPAL BOND COMMISSION  
8 Capitol Street  
Suite 500, Terminal Building  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 10, 2004

ISSUER: <u>Haymond Public Service District Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund)</u>	
ADDRESS: <u>P.O. Box 412, Grafton, West Virginia 26354</u>	
PURPOSE OF ISSUE: New Money: <u>X</u> Refunding: <u>X</u>	REFUNDS ISSUE(S) DATED: <u>September 18, 2003</u>
ISSUE DATE: <u>December 10, 2004</u>	CLOSING DATE: <u>December 10, 2004</u>
ISSUE AMOUNT: <u>\$ 378,397</u>	RATE: <u>0%</u>
1ST DEBT SERVICE DUE: <u>September 1, 2006</u>	1ST PRINCIPAL DUE: <u>September 1, 2006</u>
1ST DEBT SERVICE AMOUNT: <u>\$ 3,153,31</u>	PAYING AGENT: <u>West Virginia Municipal Bond Comm</u>
BOND COUNSEL: <u>Steptoe &amp; Johnson PLLC</u> Contact Person: <u>Vincent A. Collins, Esquire</u> Phone: <u>(304) 624-8161</u>	UNDERWRITERS COUNSEL: <u>Jackson Kelly PLLC</u> Contact Person: <u>Samme L. Gee, Esquire</u> Phone: <u>(304) 340-1318</u>
CLOSING BANK: <u>First Community Bank, N.A.</u> Contact Person: <u>Gary Bolyard</u> Phone: <u>304.265.1111</u>	ESCROW TRUSTEE: _____ Contact Person: _____ Phone: _____
KNOWLEDGEABLE ISSUER CONTACT Contact Person: <u>Leonard Lucas</u> Position: <u>Chairman</u> Phone: <u>(304) 265-1401</u>	OTHER: <u>West Virginia Infrastructure &amp; Jobs Development Council</u> Contact Person: <u>Katy Mallory, P.E.</u> Function: <u>Executive Secretary</u> Phone: <u>(304) 558-4607</u>
DEPOSITS TO MBC AT CLOSE: By: _____ Wire _____ _____ Check _____	Accrued Interest: \$ _____ Capitalized Interest: \$ _____ Reserve Account: \$ _____ Other: \$ _____
REFUNDS & TRANSFERS BY MBC AT CLOSE By: _____ Wire _____ _____ Check _____ _____ IGT _____	To Escrow Trustee: \$ _____ To Issuer: \$ _____ To Cons. Invest. Fund: \$ _____ To Other: _____ \$ _____
NOTES: _____ _____	
<b>FOR MUNICIPAL BOND COMMISSION USE ONLY:</b> 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.

HAYMOND PUBLIC SERVICE DISTRICT

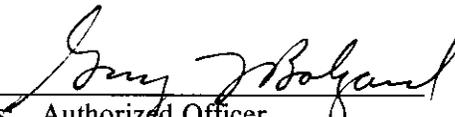
Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First Community Bank, N.A., Grafton, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Haymond Public Service District (the "Issuer") adopted December 7, 2004, and the Supplemental Resolution of the Issuer adopted December 7, 2004 (collectively, the "Resolution"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the principal amount of \$1,310,000 and the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the principal amount of \$378,397 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Resolution.

WITNESS my signature on this 10th day of December, 2004.

FIRST COMMUNITY BANK, N.A.

By:   
Its: Authorized Officer

11/16/04  
394620.00001

HAYMOND PUBLIC SERVICE DISTRICT

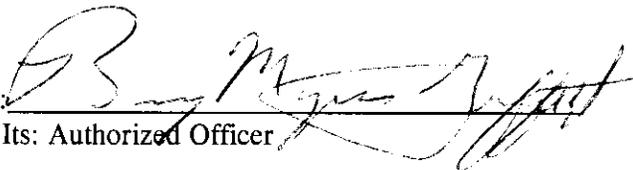
Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Haymond Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the principal amount of \$1,310,000 and Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the principal amount of \$378,397 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Resolution authorizing issuance of the Bonds.

WITNESS my signature on this 10th day of December, 2004.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

11/16/04  
394620.00001

HAYMOND PUBLIC SERVICE DISTRICT

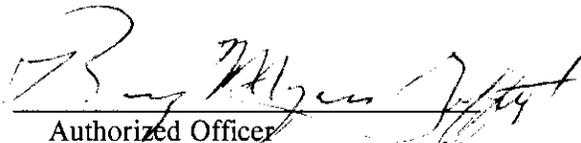
Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Resolution and Registrar's Agreement providing for the above-captioned Bonds of Haymond Public Service District (the "Issuer"), hereby certifies that on the date hereof (i) the single, fully registered Water Revenue Bond, Series 2004 A (West Virginia Infrastructure Fund) of the Issuer, dated December 10, 2004, in the principal amount of \$1,310,000, number AR-1, was registered as to principal only and (ii) the single fully registered Water Revenue Bond, Series 2004 B (West Virginia Water Infrastructure Fund), of the Issuer, dated December 10, 2004, in the principal amount of \$378,397, numbered BR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 10th day of December, 2004.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

11/22/04  
394620.00001

CH718208.1

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 10th day of December, 2004, by and between HAYMOND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,310,000 Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and its \$378,397 Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), both dated December 10, 2004, and both in fully registered form (collectively, the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted December 7, 2004, and the Supplemental Resolution of the Issuer duly adopted December 7, 2004 (collectively, the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.
2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.
3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.
4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.
5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.
6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.
7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Haymond Public Service District  
Post Office Box 412  
Grafton, West Virginia 26354  
Attention: Chairman

REGISTRAR: The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

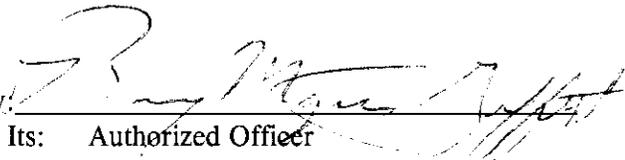
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first written above.

HAYMOND PUBLIC SERVICE DISTRICT

  
Chairman

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

12/02/04  
394620.00001

EXHIBIT A

Resolution included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group  
900 Lee Street, 11th Floor  
P.O. Box 633 WE3013  
Charleston, West Virginia 25322-0633



STATEMENT OF TRUSTEE'S FEES  
Invoice Date December 10, 2004

Haymond Public Service District  
Account Number 6089001809

Haymond Public Service District  
Water Revenue Bonds, Series 2004 A  
Water Revenue Bonds, Series 2004 B  
C/O John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR December, 2004  
\*\*\*\*\*

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- \* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT \*
- \* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN \*
- \* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA .. \*
- \* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 .. \*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT  
Barry Morgan Griffith at (304)348-5035

**USDA** UNITED STATES DEPARTMENT OF AGRICULTURE  
**RURAL DEVELOPMENT**

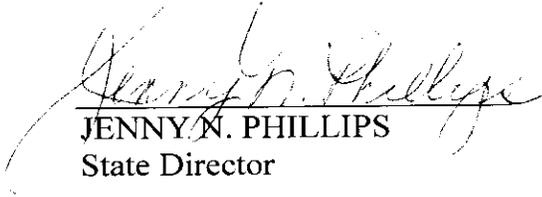
75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500  
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

June 23, 2004

Haymond Public Service District  
Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amounts of the Series 1986 Bond, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), in the original aggregate principal amount not to exceed \$2,000,000, by Haymond Public Service District (the "Issuer"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bond, Series 1986, dated November 20, 1986 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolution by the Resolution or the Supplemental Resolution authorizing the Bonds.

  
JENNY N. PHILLIPS  
State Director

[Http://www.rurdev.usda.gov/wv](http://www.rurdev.usda.gov/wv)



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer  
Complaints of discrimination should be sent to: USDA Director, Office of Civil Rights, Washington, D.C. 20250-9410

**COMMITTED TO THE FUTURE OF RURAL COMMUNITIES**

10-120

ENVIRONMENTAL ENGINEERING  
NOV 14 2002  
TAYLOR COUNTY  
R.D. #1  
C.F.I.

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418

CHARLESTON, WEST VIRGINIA 25301-2616

TELEPHONE 304-558-2981

### PERMIT

PROJECT: (Water)  
Route 26, Route 28 and Camp Towles  
Water Line Extensions

PERMIT NO.: 15,450

LOCATION: near Grafton

COUNTY: Taylor

DATE: 11-12-2002

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Haymond Public Service District  
Post Office Box 417  
Grafton, West Virginia 26534**

is hereby granted approval to: install approximately 7,700 LF of 6", 43,160 LF of 4", 4,860 LF of 3" and 14,120 LF of 2" water line; two (2) master water meters; two (2) pressure reducing stations; two (2) 30 G.P.M. duplex water booster stations with "cycle stop valves"; and all necessary valves, controls and appurtenances.

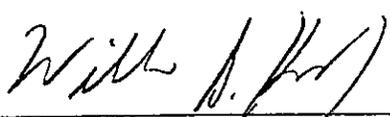
Facilities are to serve approximately 69 new customers along Route 26, Route 28, Oak Grove and along Route 18/4 to Camp Towles in the Haymond Public Service District.

**NOTE:** This permit is contingent upon: 1) All new water lines being disinfected, flushed and bacteriologically tested, prior to use; and 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer and water lines, with the water line above the sewer line.

The Environmental Engineering Division of the OEHS Philippi District Office, telephone (304) 457-2296, is to be notified prior to construction.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR



William S. Herold, Jr., P.E., Assistant Manager  
Infrastructure and Capacity Development  
Environmental Engineering Division

WSH:cmh

pc: Thrasher Engineering  
James W. Ellars, P.E., PSC-Engineering Division  
Amy Swann, Public Service Commission  
Taylor County Health Department  
OEHS-EED Philippi District Office

# ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID RD DATE (MM/DD/YY)  
 HAYMO-1 11/30/04

**PRODUCER**  
 United Security Agency  
 PO Box 1023  
 139 West Main Street  
 Bridgeport WV 26330  
 Phone: 304-842-3314 Fax: 304-842-7321

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURED**  
 HAYMOND PUBLIC SERVICE  
 PO BOX 412  
 GRAFTON WV 26354

**INSURERS AFFORDING COVERAGE**  
 INSURER A: WESTFIELD INSURANCE COMPANIES  
 INSURER B:  
 INSURER C:  
 INSURER D:  
 INSURER E:

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	CWP3477843	09/06/04	09/06/05	EACH OCCURRENCE \$ 1,000,000
	FIRE DAMAGE (Any one fire) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000				
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Per accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - FA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>				WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	<b>OTHER</b> Property Section	CWP3477843	09/06/04	09/06/05	BUILDING 11,000 CONTENTS 42,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Location 1 + 2 - Building and Contents

**CERTIFICATE HOLDER** N ADDITIONAL INSURED; INSURER LETTER:  
 GEORGE ANN

**CANCELLATION**  
 BLANK 11  
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL \_\_\_\_\_ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.  
 AUTHORIZED REPRESENTATIVE  
 Rebecca Davisson

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

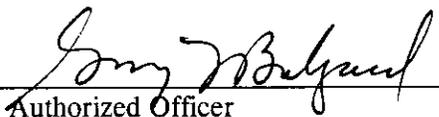
RECEIPT OF PAYMENT OF THE PRIOR NOTES

The undersigned, authorized representative of First Community Bank, N.A. ("Bank") hereby certifies as follows:

On the 10th day of December, 2004, the Bank received the sum of \$300,138.15 from the Haymond Public Service District and such amount is sufficient to pay the entire outstanding principal of and all accrued interest on the Haymond Public Service District Waterworks System Refunding Bond Anticipation Notes, Series 2003, to the date hereof and discharge the liens, pledges and encumbrances securing such Notes.

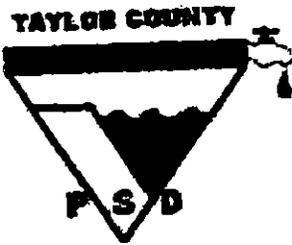
WITNESS my signature on this 10th day of December, 2004.

FIRST COMMUNITY BANK, N.A.

By:   
Its: Authorized Officer

04/23/04  
394620.00001

**Robert G. Knotts - Chairman**  
**James W. Riggleman - Treasurer**  
**Edward Beavers - Secretary**



**Darle J. Setler**  
**Plant Manager**  
**Phone: (304) 265-5569**

December 29, 2003

To: The Board of the Haymond PSD

From: The Taylor County PSD

Please be assured The Water Treatment Plant of the Taylor County PSD has more than enough capacity to serve the projected 70 new customers of the Haymond PSD. Current Production rates are 1.8 to 2.0 million Gallons per day for an average of 11 hrs per day with an estimated capacity of 4.0 Million gallons per day with an increase of production hours to 24.

*James W. Riggleman, Treasurer*  
The Board of the Taylor Co PSD

HAYMOND PUBLIC SERVICE DISTRICT

AMENDATORY RESOLUTION

AMENDATORY RESOLUTION CONCERNING TAX-EXEMPT  
STATUS OF THE WATER REVENUE BOND, SERIES 1986,  
OF HAYMOND PUBLIC SERVICE DISTRICT

WHEREAS, the public service board (the "Governing Body") of HAYMOND PUBLIC SERVICE DISTRICT (the "Issuer"), has duly and officially adopted a resolution effective August 27, 1986 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE OF \$200,000 WATER REVENUE BOND, SERIES 1986, OF HAYMOND PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A NEW WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

WHEREAS, the Bond Resolution provides for the issuance of the Water Revenue Bond, Series 1986 of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$200,000, all in accordance with West Virginia Code, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution, it is provided that the Bond Resolution would be amended to enable the Bonds to be issued in such form as to render the interest on the Bonds exempt from Federal income taxation;

WHEREAS, the Bonds are proposed to be purchased by the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), and certain changes in Section 103 of the Internal Revenue Code have been effected since adoption of the Bond Resolution;

WHEREAS, the Governing Body deems it essential and desirable that this amendatory resolution (the "Amendatory Resolution") be adopted to enable the Bonds to be issued in such form as to render the interest thereon exempt from Federal income

taxation, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Resolution and the Act, this Amendatory Resolution is adopted. The Bond Resolution is amended to include the following Sections 3 and 4 as a part thereof.

Section 2. The provisions relating to the Bonds shall be, and the Bonds shall be in the form provided in, the Bond Resolution.

Section 3. 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, when and as amended, and any regulations promulgated thereunder (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 to be promulgated thereunder.

Section 4. No portion of the proceeds of the issue of the Bonds will be used (directly or indirectly) so as to cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer will make all rebate calculations and payments in the time, manner and as required in Section 148(f) of the Code. In the event of a failure to pay such amounts, the Issuer will pay to the United States a penalty in an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived by the Secretary. The Issuer shall make, or cause to be made, an annual computation of such yield and amounts, and shall maintain and provide the Purchaser with appropriate records of such computations.

Section 5. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about November 20, 1986, to the Purchaser.

Section 6. The financing of the Project by the Bonds is in the public interest, serves a public purpose of the Issuer and

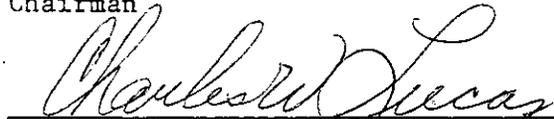
will promote the health, welfare and safety of the residents of the Issuer.

Section 7. This Amendatory Resolution shall be effective immediately following adoption hereof.

Adopted this 20th day of November, 1986.

HAYMOND PUBLIC SERVICE DISTRICT

  
Chairman

  
Member

  
Member

11/14/86  
HAYMD2-E

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1986

BOND RESOLUTION

Table of Contents

<u>Subject</u>	<u>Page</u>
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01 Authority for This Resolution	1
Section 1.02 Findings and Determinations	1
Section 1.03 Resolution to Constitute Contract	2
Section 1.04 Definitions	3
ARTICLE II - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND	
Section 2.01 Authorization of Bond	5
Section 2.02 Description of Bond	5
Section 2.03 Negotiability, Registration, Transfer and Exchange of Bonds	5
Section 2.04 Registrar	6
Section 2.05 Execution of Bond	6
Section 2.06 Bonds Mutilated, Destroyed, Stolen or Lost	6
Section 2.07 Bond Secured by Pledge of Revenues	6
Section 2.08 Form of Bond	6
FORM OF BOND	8
ARTICLE III - BOND PROCEEDS; REVENUES AND APPLICATION THEREOF	
Section 3.01 Bond Proceeds; Project Construction Account	15
Section 3.02 Covenants of the Issuer as to Revenues and Funds	16
ARTICLE IV - GENERAL COVENANTS	
Section 4.01 General Statement	19
Section 4.02 Rates	19
Section 4.03 Sale of the System	19
Section 4.04 Issuance of Additional Parity Bonds	19
Section 4.05 Insurance and Bonds	19
Section 4.06 Statutory Mortgage	21

Section 4.07	Events of Default	21
Section 4.08	Enforcement	22
Section 4.09	Fiscal Year; Budget	22
Section 4.10	Compensation of Members of Governing Body	23
Section 4.11	Covenant to Proceed and Complete	23
Section 4.12	Books and Records; Audits	23
Section 4.13	Maintenance of System	23
Section 4.14	No Competition	23
Section 4.15	Concerning Arbitrage	23
Section 4.16	Industrial Development Bond Covenant	24
Section 4.17	Additional Special Covenants of Issuer	24

ARTICLE V - RATES, ETC.

Section 5.01	Initial Schedule of Rates and Charges; Rules	25
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ARTICLE VI - MISCELLANEOUS

Section 6.01	Modification or Amendment	26
Section 6.02	Delivery of Bond No. R-1	26
Section 6.03	Severability of Invalid Provision	26
Section 6.04	Conflicting Provisions Repealed	26
Section 6.05	Table of Contents and Headings	26
Section 6.06	Effective Time	27

SIGNATURES		27
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08/01/86  
HAYMD1-M

HAYMOND PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$200,000 WATER REVENUE BOND, SERIES 1986, OF HAYMOND PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A NEW WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF HAYMOND PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Haymond Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Taylor County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer does not now have a public water system.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed a new water system of the Issuer consisting of a water distribution and service system, including lines, booster stations and water tanks, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. Water will be purchased from the Taylor County Public Service District pursuant to a Water Purchase Contract between the Issuer and said district. The acquisition and construction of the

Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$200,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$1,534,492 of which \$200,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$551,600 from a grant by the Purchaser, \$106,900 from a grant by The County Commission of Taylor County and \$675,992 from the Appalachian Regional Commission.

E. The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for 6 months after completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the

Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" or "Bonds" means the Water Revenue Bond, Series 1986, authorized hereby.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Hornor Brothers Engineers, Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

"Herein" means in this Bond Legislation.

"Holder of the Bond," "Bondholder" or any similar term means any person who shall be the registered owner of the Bond.

"Issuer" means Haymond Public Service District of Taylor County, West Virginia, and includes the Governing Body.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital provided that all monthly amortization payments upon the Bond and into the Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system, and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,  
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1986," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$200,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 5% per annum or such lesser amount as may be provided in the Bond upon delivery, and shall be sold for the par value thereof.

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

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions,

insertions and variations as may be authorized or permitted hereby . .  
or any resolution adopted after the date of adoption hereof and  
prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1986

HAYMOND PUBLIC SERVICE DISTRICT

\$200,000

No. R-1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, HAYMOND PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000) plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$982, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments

last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of improvements for the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner

constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

HAYMOND PUBLIC SERVICE DISTRICT

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board

(Title of Executive Official)

Route 3

(P. O. Box No. or Street Address)

Grafton, West Virginia 26354

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board

(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

(Form of)

ASSIGNMENT

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_  
\_\_\_\_\_  
(Title)

(No writing on this Bond except by the Issuer as Registrar)

Date of  
Registration

In Whose Name  
Registered

Signature of  
Secretary of  
Registrar

_____	_____	_____
_____	_____	_____
_____	_____	_____

### ARTICLE III

#### BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in The Blueville Bank of Grafton, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Haymond Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the 15th day of each month, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Government Obligations"), which shall mature not later than eighteen months after the date of such investment, or in investments secured by a pledge of Government Obligations. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund," is hereby established initially with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the 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.

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of \$11,784, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments

of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$76,725, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay portions of the principal amount of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding 2 years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, obtain signed user agreements from at least 192 bona fide full time users initially upon the System, in full compliance with the requirements and conditions of the Purchaser.

## ARTICLE IV

### GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on

all above-ground structures of the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of

the Project in compliance with West Virginia Code Section 38-2-39. Worker's compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or

violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each annual budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any fiscal year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than ten per centum; and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless failure to adopt an annual budget be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury

Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Code, herein defined.

Section 4.16. Industrial Development Bond Covenant. The Issuer shall not permit at any time or times any of the proceeds of the Bond or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bond from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1954, as from time to time amended, and the regulations and applicable rulings thereunder (the "Code"), by reason of the classification of the Bond as an "industrial development bond" within the meaning of Section 103(b) of the Code.

Less than 25% of the proceeds of the Bond are to be used, directly or indirectly, in any trade or business carried on by a person who is not an exempt person and less than 25% of the payment of principal or interest on the Bond, under the terms of the Bond or any underlying arrangement, is secured by any interest in property used or to be used in a trade or business or in payments in respect to such property, or to be derived from payments in respect of property, or borrowed money, used or to be used in a trade or business, all within the meaning of Section 103(b)(2) of the Code.

Section 4.17. Additional Special Covenants of Issuer. At the date adoption of this Bond Legislation there is pending an act of the United States House of Representatives entitled "H.R. 3838." The United States Senate has passed its version of H.R. 3838. Additionally, the Senate and House conferees have agreed upon the tax overhaul bills. The foregoing acts and reform measures are collectively referred to herein as the "Tax Act". Certain provisions of the Tax Act relating to Section 103 of the Code are, by the terms thereof, to be effective as of January 1, 1986. In order to comply with the Tax Act and therefore to maintain the exemption of the interest on the Bond from Federal income taxation, the Issuer hereby further covenants to take, and refrain from taking, and not fail to take, any and all such actions, under the Tax Act, or any applicable successor or alternate legislation, or any part thereof, insofar as may be applicable to the Bond, in order to maintain the tax-exempt status of the Bond and the interest thereon.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on July 3, 1986, in Case No. 79-464-W-CN (Reopened), which final order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as provided under the Act and other applicable provisions of law, with regard to the collection and enforcement of such rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

## ARTICLE VI

### MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without prior written consent of the Purchaser; provided, however, notwithstanding the foregoing, the Issuer hereby covenants to make any amendment or supplement to this Bond Legislation to enable the Bond to be issued in such form as to render the interest thereon exempt from Federal income taxation, without further consent of the Purchaser.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

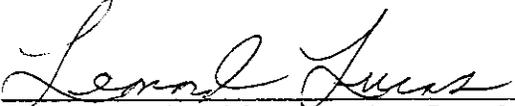
Section 6.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: August 27, 1986.

  
Chairman of Public Service Board

  
Member

  
Member

08/25/86  
HAYMD1-N

# CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** December 10, 2004  
**Re:** Haymond Public Service District Water Revenue Bonds, Series 2004 A  
(West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2004 B  
(West Virginia Infrastructure Fund)

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## 1. DISBURSEMENT TO HAYMOND PUBLIC SERVICE DISTRICT

Payor: West Virginia Infrastructure and Jobs Development Council  
Source: Series 2004 A Bonds Proceeds and Series 2004 B Bonds Proceeds  
Amount: \$442,800  
Form: Wire Transfer  
Payee: Haymond Public Service District  
Bank: First Community Bank, N.A.  
ABA #: 051501299  
Account #: 4004450  
Contact: Gary Bolyard, CEO (265.1111, ext. 302)  
Account: Series 2004 Bonds Construction Trust Fund

## 2. BREAKOUT OF DISBURSEMENT TO HAYMOND PUBLIC SERVICE DISTRICT

- A. Payor: West Virginia Infrastructure and Jobs Development Council  
Source: Series 2004 A Bonds Proceeds  
Amount: \$64,403  
Form: Wire Transfer  
Payee: Haymond Public Service District  
Bank: First Community Bank, N.A.  
ABA #: 051501299  
Account #: 4004450  
Contact: Gary Bolyard, CEO (265.1111, ext. 302)  
Account: Series 2004 Bonds Construction Trust Fund
- B. Payor: West Virginia Infrastructure and Jobs Development Council  
Source: Series 2004 B Bonds Proceeds  
Amount: \$78,258.85  
Form: Wire Transfer  
Payee: Haymond Public Service District  
Bank: First Community Bank, N.A.  
ABA #: 051501299  
Account #: 4004450  
Contact: Gary Bolyard, CEO (265.1111, ext. 302)  
Account: Series 2004 Bonds Construction Trust Fund

C. Payor: West Virginia Infrastructure and Jobs Development Council  
Source: Series 2004 B Bonds Proceeds  
Amount: \$300,138.15  
Form: Wire Transfer  
Payee: First Community Bank, N.A., Grafton, West Virginia  
ABA #: 051501299  
Account #: 2519867801  
Purpose: Payment in full for principal of and interest on the Waterworks System  
Refunding Bond Anticipation Notes, Series 2003

State of West Virginia  
**WATER DEVELOPMENT AUTHORITY**  
 180 Association Drive, Charleston, WV 25311-1217  
 (304) 558-3612 - (304) 558-0299 (Fax)  
 Internet: www.wvwda.org - Email: contact@wvwda.org

**BOND CLOSING ATTENDANCE LIST**

Date December 10, 2004 Time 10:00 a.m. LGA Haymond PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Samuel Lee	Jackson Kelly PLLC	340.1316	340.1080	syee@jacksonkelly.com
Barbara B Meadows	Water Development Authority	558.3612	558.0299	bmeadows@wvwda.org
John Stump	Stump & Johnson PLLC	352.8196	353.8181	stumpjcs@stump-johnson.com
Dennis Olds	WV WDA	558-3612	558-0299	dold@wvwda.org
BENJAMIN YONKOSKY	WV WDA	558-3612	558-0299	byonkosky@wvwda.org

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Leonard Lucas, Chairman Telephone 304.265.1401 E-Mail N/A  
 Address P.O. Box 412, Grafton West Virginia 26354

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.