

**TAYLOR COUNTY PUBLIC SERVICE DISTRICT**

**WATER REFUNDING REVENUE BONDS  
SERIES 2005 A  
(BRANCH BANKING AND TRUST CO.)**

**DATE OF CLOSING: MAY 16, 2005**

**BOND TRANSCRIPT**

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**Water Refunding Revenue Bonds, Series 2005 A**  
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**Table of Contents**

**BASIC DOCUMENTS**

1. Bond Resolution
2. Supplemental Resolution
3. Public Service Commission Order
4. Cross-Receipt for Bonds and Bond Proceeds
5. Specimen Bond

**OPINIONS OF COUNSEL**

6. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel
7. Opinion of Robert C. Gorey, Esquire, Counsel to Issuer

**CERTIFICATES**

8. General Certificate of Issuer and Attorney
9. Certificate as to Arbitrage
10. Certificate of Certified Public Accountant

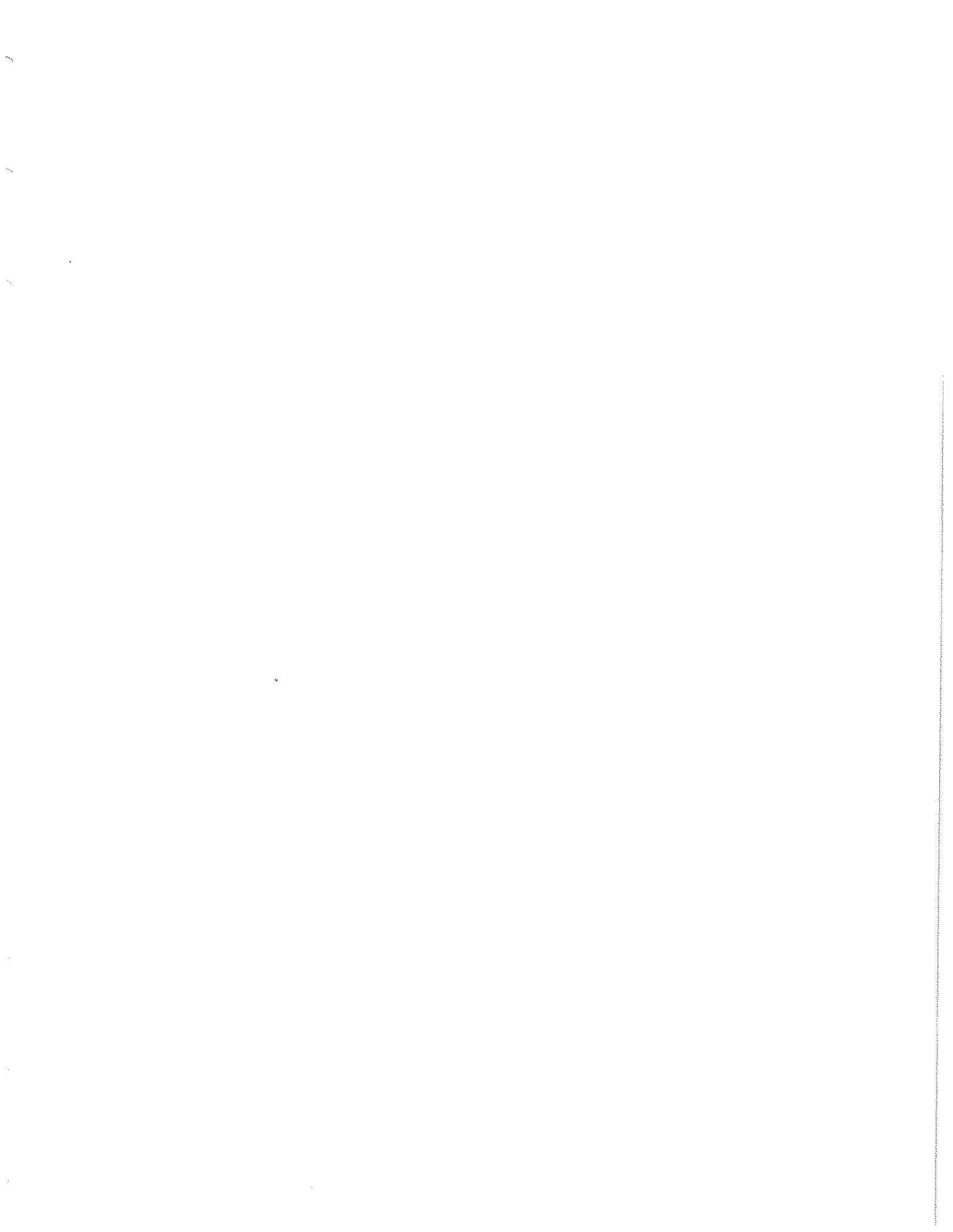
## **DOCUMENTS OF THE ISSUER**

11. County Commission Orders Creating District
12. County Commission Orders Appointing Current Board Members
13. Oaths of Office of Current Board Members
14. Rules of Procedure
15. Minutes of Organizational Meeting
16. Excerpt of Minutes on Adoption of Bond Resolution and Supplemental Resolution
17. Municipal Bond Commission New Issue Report

## **MISCELLANEOUS DOCUMENTS**

18. Bank Commitment Letter
19. Bank Investment Letter
20. IRS Information Return (Form 8038G)
21. Receipt and Release from Holder of Series 1996 C Bonds
22. Consent of RUS to Issuance of Parity Bonds
23. Project Fund Agreement
24. Series 1996 C Bonds Resolution
25. Closing Memorandum

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**TAYLOR COUNTY PUBLIC SERVICE DISTRICT**  
**WATER REFUNDING REVENUE BONDS, SERIES 2005 A**

**BOND RESOLUTION**

**Table of Contents**

**ARTICLE I**  
**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01 Authority for this Resolution	1
Section 1.02 Findings	1
Section 1.03 Bond Legislation Constitutes Contract	3
Section 1.04 Definitions	3

**ARTICLE II**  
**AUTHORIZATION OF REFUNDING; AUTHORIZATION**  
**OF ACQUISITION OF THE PROJECT**

Section 2.01 Authorization of Refunding	10
Section 2.02 Authorization of Acquisition of the Project	10

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

Section 3.01 Authorization of Bonds	11
Section 3.02 Terms of Bonds	11
Section 3.03 Execution of Bonds	11
Section 3.04 Authentication and Registration	11
Section 3.05 Negotiability, Transfer and Registration	12
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	12
Section 3.07 Bonds Not to Be Indebtedness of the Issuer	13
Section 3.08 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	13
Section 3.09 Form of Bond	13
FORM OF BOND	14
Section 3.10 Sale of Bonds	20

Section 3.11 Disposition of Bond Proceeds	20
Section 3.12 Designation of Bonds “Qualified Tax-Exempt Obligations	20

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

Section 4.01 Establishment of Funds and Accounts with Depository Bank	21
Section 4.02 Establishment of Funds and Accounts with Commission	21
Section 4.03 Covenants of the Issuer as to System Revenues and Funds	21

**ARTICLE V  
GENERAL COVENANTS**

Section 5.01 General Statement	25
Section 5.02 Rates	25
Section 5.03 Sale of the System	25
Section 5.04 Issuance of Additional Parity Bonds	25
Section 5.05 Insurance and Bonds	27
Section 5.06 Statutory Mortgage Lien	28
Section 5.07 Fiscal Year; Budget	29
Section 5.08 Compensation of Members of Governing Body	29
Section 5.09 Books and Records; Audits	29
Section 5.10 Maintenance of System	29
Section 5.11 No Competition	30

**ARTICLE VI  
RATES, ETC.**

Section 6.01 Initial Schedule of Rates and Charges; Rules	31
---	----

**ARTICLE VII  
TAX COVENANTS**

Section 7.01 Tax Covenants	32
Section 7.02 Arbitrage and Tax Exemption	33
Section 7.03 Tax Certificate and Rebate	33

**ARTICLE VIII  
DEFAULT AND REMEDIES**

Section 8.01 Events of Default	34
Section 8.02 Remedies	34

**ARTICLE IX  
DEFEASANCE**

Section 9.01 Defeasance	35
-------------------------	----

**ARTICLE X  
MISCELLANEOUS**

Section 10.01 Amendment or Modification of Bond Legislation	36
Section 10.02 Severability of Invalid Provisions	36
Section 10.03 Table of Contents and Headings	36
Section 10.04 Conflicting Provisions Repealed	36
Section 10.05 Covenant of Due Procedure, Etc.	36
Section 10.06 Effective Date	36
SIGNATURES	37
CERTIFICATION	38

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REFUNDING REVENUE BOND, SERIES 1996 C, OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT AND THE ACQUISITION OF CERTAIN EQUIPMENT TO BE USED IN CONNECTION WITH THE OPERATION OF THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2005 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF 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 TAYLOR COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B.      The Issuer now owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired certain equipment to be used in connection with the operation of the existing waterworks system (the "Project") (the existing public waterworks facilities of the Issuer, the Project and any further additions, improvements or extensions thereto are herein called the "System"). The acquisition of the Project and the financing

hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Issuer has heretofore issued its Water Refunding Revenue Bond, Series 1996 C, dated September 26, 1996, issued in the original aggregate principal amount of \$1,454,000 (the "Series 1996 C Bonds") and held by Branch Banking and Trust Company, as successor to One Valley Bank of Clarksburg, National Association.

D. It is in the best interest of the Issuer that the Series 1996 C Bonds be currently refunded in order to allow the Issuer to take advantage of the interest savings.

E. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2005 A (the "Series 2005 A Bonds") in the total aggregate principal amount of not more than \$1,000,000 to pay in full the principal of and interest accrued on the Series 1996 C Bonds, to finance the costs of acquisition of the Project, to fund a portion of the reserve account for the Series 2005 A Bonds, and to pay costs of issuance thereof and related costs.

F. It is in the best interest of the Issuer that the Series 2005 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the commitment letter of the Purchaser dated January 20, 2005.

G. The Issuer has complied with all requirements of West Virginia law relating to authorization of the refunding of the Series 1996 C Bonds, the acquisition of the Project, and the issuance of the Series 2005 A Bonds, or will have so complied prior to issuance of the Series 2005 A Bonds, including, among other things, the obtaining of the approval of this financing and the refunding of the Series 1996 C Bonds from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated July 16, 2004, issued in the original aggregate principal amount of \$961,000 (the "Series 2004 A Bonds"), the Water Revenue Bond, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000 (the "Series 1996 A Bonds"), and the Water Revenue Bond, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000 (the "Series 1996 B Bonds" and together with the Series 1996 A Bonds and the Series 2004 A Bonds, collectively referred to herein as the "Prior Bonds").

Prior to the issuance of the Series 2005 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity

tests of the Prior Bonds are met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and the Prior Resolutions.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 A Bonds by those who shall be the Registered Owner 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 Owner, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2005 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, and 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 Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

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

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

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

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

"Bonds" means, collectively, the Series 2005 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder of by another resolution of the Issuer.

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

"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.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation or 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" means the Public Service Board of the Issuer.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, 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 or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or 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, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Taylor County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor County,

and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Series 2005 A Bonds, plus accrued interest and premium, if any, and less original issue discount, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2005 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs of the Project, fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as hereinafter defined), other than those capitalized as part of the costs of the Project, 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 Series 2005 A 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 IX hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, and Bonds registered to the Issuer.

"Parity Bonds" means additional Parity Bonds issued under the provisions and within the limitations prescribed by Section 5.04 hereof.

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project Fund Agreement" means that certain agreement dated as of May 16, 2005, by and between the Issuer and the Purchaser.

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

"Prior Bonds" means, collectively, the Series 1996 A Bonds, the Series 1996 B Bonds and the Series 2004 A Bonds.

"Prior Resolutions" means, collectively, the Series 1996 A and 1996 B Resolution and the Series 2004 A Resolution.

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

"Project Fund" means the Project Fund established by Section 4.01 hereof.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Regulations" means temporary and permanent regulations promulgated under the Code.

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

"Series 1996 Bonds" means, collectively, the Series 1996 A Bonds and the Series 1996 B Bonds.

"Series 1996 Resolutions" means, collectively, the Series 1996 A and 1996 B Resolution and the Series 1996 C Resolution.

"Series 1996 A and 1996 B Resolution" means the resolution of the Issuer adopted February 1, 1996, authorizing the Series 1996 Bonds.

"Series 1996 A Bonds" means the Issuer's Water Revenue Bond, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000.

"Series 1996 B Bonds" means the Issuer's Water Revenue Bond, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000.

"Series 1996 C Bonds" means the Issuer's Water Revenue Bond, Series 1996 C, dated September 29, 1996, issued in the original aggregate principal amount of \$1,454,000.

"Series 1996 C Resolution" means the resolution of the Issuer adopted September 26, 1996, authorizing the Series 1996 C Bonds.

"Series 2004 A Bonds" means the Issuer's Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated July 16, 2004, issued in the original aggregate principal amount of \$961,000.

"Series 2004 A Bonds Reserve Account" means the reserve account for the Series 2004 A Bonds continued by Section 4.02 hereof.

"Series 2004 A Resolution" means the resolution of the Issuer adopted July 14, 2004, authorizing the Series 2004 A Bonds.

"Series 2005 A Bonds" means the Water Revenue Bonds, Series 2005 A, authorized hereby to be issued pursuant to this Resolution.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2005 A Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2005 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2005 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2005 A 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 authorizing the sale of the Series 2005 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 A Bonds and not so included may be included in another Supplemental Resolution.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any further additions, extensions and improvements thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

### AUTHORIZATION OF REFUNDING; AUTHORIZATION OF ACQUISITION OF THE PROJECT

Section 2.01.      Authorization of Refunding. All Series 1996 C Bonds Outstanding as of the date of issuance of the Series 2005 A Bonds and all unpaid interest accrued thereon, if any, in an aggregate amount equal to \$694,631.57, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Holders of the Series 1996 C Bonds imposed by the Series 1996 C Resolution, the monies in the funds and accounts created by the Series 1996 C Resolution pledged to payment of the Series 1996 C Bonds, and any other funds pledged by the Series 1996 C Resolution to payment of the Series 1996 C Bonds are hereby ordered terminated, discharged and released upon such payment to the Holders of the Series 1996 C Bonds. Contemporaneously with the payment in full of the Series 1996 C Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 1996 C Bonds, shall be released from the lien created by the Series 1996 C Resolution. The portion of the proceeds of the Series 2005 A Bonds hereby authorized to be applied towards the refunding of the Series 1996 C Bonds shall be applied as provided in Article III hereof.

Section 2.02.      Authorization of Acquisition of the Project There is hereby authorized and ordered the acquisition of the Project, at an estimated cost of not to exceed \$156,571.01, in accordance with the invoices heretofore filed in the office of the Governing Body. The portion of the proceeds of the Series 2005 A Bonds hereby authorized to be applied towards the Project shall be applied as provided in Article III hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01.      Authorization of Bonds. For the purpose of refunding the Series 1996 C Bonds, financing the costs of acquisition of the Project and paying certain costs of issuance and related costs not otherwise provided for, or any all of such purposes, there is hereby authorized to be issued the Water Refunding Revenue Bonds, Series 2005 A, of the Issuer, in the aggregate principal amount of not more than \$1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds remaining after refunding the Series 1996 C Bonds shall be deposited in or credited to the Project Fund established by Section 4.01 hereof and applied as set forth in this Article III.

Section 3.02.      Terms of Bonds. The Series 2005 A Bonds shall be issued in single form, numbered R-1, and only as a fully registered Bond. The Series 2005 A Bonds shall be dated such date; shall be in such principal amount, not to exceed \$1,000,000; shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such dates; shall mature on such dates and in such amounts; and shall be subject to such repayment or redemption, all as the Issuer shall prescribe in a Supplemental Resolution. The Series 2005 A Bonds shall be payable as to principal and interest at the office of the Paying Agent in any coin or currency which, on the dates of payment is legal tender for the payment of public or private debts under the laws of the United States of America. The Series 2005 A Bonds shall be subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

Section 3.03.      Execution of Bonds. The Series 2005 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2005 A Bonds shall cease to be such officer of the Issuer before the Series 2005 A Bonds so signed and sealed have been actually sold and delivered, the Series 2005 A 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. The Series 2005 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04.      Authentication and Registration. No Series 2005 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09 shall have been manually executed

by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2005 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar.

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

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

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

In all cases in which the privilege of exchanging the Series 2005 A Bonds or transferring the registered Bonds are exercised, the Bonds shall be delivered in accordance with the provisions of this Bond Legislation. Any Series 2005 A Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Series 2005 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 such 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 person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such transfer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Series 2005 A Bonds during the 15 days preceding a scheduled payment date on such Bonds or after notice of any prepayment of such Bonds has been given.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2005 A Bonds 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 Series 2005 A Bond of like tenor as the Bond 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 Series 2005 A 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. The Series 2005 A Bond 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 Series 2005 A Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07.      Bonds Not to Be Indebtedness of the Issuer \_\_\_\_\_. The Series 2005 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 A Bonds or the interest 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 2005 A Bonds shall be secured forthwith by a lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2005 A Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2005 A Bonds as the same become due.

Section 3.09.      Form of Bonds. The text of the Series 2005 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

TAYLOR COUNTY PUBLIC SERVICE DISTRICT  
WATER REFUNDING REVENUE BONDS, SERIES 2005 A

No. R-1

\$870,000

KNOW ALL MEN BY THESE PRESENTS: That TAYLOR COUNTY PUBLIC SERVICE DISTRICT, a 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 order of

- BRANCH BANKING AND TRUST COMPANY -

or registered assigns (the "Payee"), the principal sum of Eight Hundred Seventy Thousand (\$870,000), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of 3.99% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and the actual number of days in a month (actual number of days divided by 360) payable for the actual number of days elapsed during any portion of a month.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate of 6.32% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. This Bond shall be payable in 84 16th day of each month thereafter, to and including May 16, 2012. The monthly installments shall consist of principal and interest of \$11,887.86 per month.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on May 16, 2012, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond is payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of Branch Banking and Trust Company, Charleston, West Virginia, as Bond Registrar and Paying Agent.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

This Bond is issued to (i) refund the Issuer's Water Refunding Revenue Bond, Series 1996 C, (ii) finance the costs of acquisition of certain equipment to be used in connection with the operation of the Issuer's existing public waterworks system (the "Project"), (iii) to fund a portion of the reserve account for the Bond, and (iv) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, the Project and any further additions, 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on May 12, 2005, and a Supplemental Resolution, duly adopted by the Issuer on May 12, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated July 16, 2004, issued in the original aggregate principal amount of \$961,000, (ii) Water Revenue Bond, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000, and (iii) Water Revenue Bond, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be

obligated to pay the same or the interest hereon except from the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for the terms of which reference is made to said Bond Legislation. Remedies provided the Payee 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 Bond 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 2005.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_

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

By \_\_\_\_\_  
Its Authorized Officer

[Form of Assignment]

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.10.      Sale of Bonds. The Series 2005 A Bonds shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, the adoption of the Supplemental Resolution; provided, that the Purchaser and the Issuer shall have agreed to the purchase thereof.

Section 3.11.      Disposition of Bond Proceeds. From the monies received from the sale of the Series 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, the Issuer shall forthwith apply \$694,631.57 of the proceeds of the Series 2005 A Bonds which is equal to the amount necessary to pay in full the entire principal of and interest accrued on the Series 1996 C Bonds to the Holder thereof.

B. Next, the Issuer shall deposit \$5,947.42 of the proceeds of the Series 2005 A Bonds with the Commission to be placed into the Series 2005 A Bonds Reserve Account.

C. The remaining proceeds of the Series 2005 A Bonds in an amount equal to \$169,421.01 shall be deposited with the Depository Bank into the Project Fund which shall be used first to pay costs of issuance and then solely to pay the costs of the acquisition of the Project in the manner set forth in the Project Fund Agreement and until so expended, are hereby pledged as additional security for the Series 2005 A Bonds.

Section 3.12.      Designation of Bonds "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2005 A Bonds as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3)(B) of the Code and covenants that the Bond does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code), including the Series 2005 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during calendar year 2005.

## ARTICLE IV

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

#### Section 4.01. Establishment of Funds and Accounts with Depository Bank

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

- (1) Revenue Fund (established by Prior Resolutions);
- (2) Reserve Fund (established by Prior Resolutions and herein called the "Prior Bonds Reserve Fund");
- (3) Depreciation Reserve (established by the Prior Resolutions); and
- (4) Project Fund.

#### Section 4.02. Establishment of Funds and Accounts with Commission .

The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the 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 Reserve Account (established by the Prior Resolutions); and
- (2) Series 2005 A Bonds Reserve Account.

#### Section 4.03. Covenants of the Issuer as to System Revenues and Funds.

So long as the Series 2005 A Bonds shall be outstanding and unpaid, or until there shall have been set apart, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2005 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Series 2005 A Bonds as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund established with the Depository Bank. 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 the Depository Bank 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 monies in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2005 A Bonds transfer from the Revenue Fund and remit (i) to the National Finance Office designated in the Prior Bonds (or such other place as may be provided pursuant to the Prior Bonds) the amounts required to pay the principal and interest, if any, on the Prior Bonds; and (ii) to the Paying Agent the amount required to pay the interest on the Series 2005 A Bonds and to amortize the principal of the Series 2005 A Bonds over the life of the Series 2005 A Bonds. All payments with respect to principal of and interest on the Prior Bonds and the Series 2005 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, (i) on the date specified in the Prior Resolutions, transfer from the Revenue Fund and remit to the Depository Bank for deposit into the Prior Bonds Reserve Fund the amounts required by the Series 1996 A and 1996 B Resolution; (ii) to the Commission for deposit into the Series 2004 A Bonds Reserve Account, the amounts required by the Series 2004 A Resolution; and (iii) on the date of issuance of the Series 2005 A Bonds, remit to the Commission an amount necessary to fully fund the Series 2005 A Bonds Reserve Account; provided that no further payments shall be made into the Series 2005 A Bonds Reserve Account so long as there shall remain on deposit therein an amount equal to the Series 2005 A Bonds Reserve Requirement.

(4) The Issuer shall next on the first day of each month, transfer from the Revenue Fund and remit the amounts required by the Prior Resolutions. Monies in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Prior Bonds and the Series 2005 A Bonds as the same become due, and next to restore to the Prior Bonds Reserve Fund, the Series 2004 A Bonds Reserve Account and the Series 2005 A Bonds Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Prior Bonds Reserve Fund, the Series 2004 A Bonds Reserve Account and the Series 2005 A Bonds Reserve Account are current and in

accordance with the foregoing provisions, monies in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements, repairs, improvements or extensions to the System, or any part thereof.

(5) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Prior Bonds and the Series 2005 A Bonds, pro rata, or for any lawful purpose.

The Depository Bank and the Commission, as applicable, are hereby designated as the Fiscal Agents for the administration of the Prior Bonds Reserve Fund, the Depreciation Reserve, the Series 2004 A Bonds Reserve Account and the Series 2005 A Bonds Reserve Account, and all amounts required for the Prior Bonds Reserve Fund, the Depreciation Reserve, the Series 2004 A Bonds Reserve Account and the Series 2005 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, as applicable, 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 Series 2005 A Bonds and the interest thereon.

Any withdrawals from the Series 2005 A Bonds Reserve Account which result in a reduction in the balance of the Series 2005 A Bonds Reserve Account to below the Series 2005 A Bonds Reserve Requirement shall be subsequently restored, on a pro rata basis, from the first Net Revenues available after all required payments have been made with respect to the principal of and interest on the Prior Bonds and the Series 2005 A Bonds. Monies in the Series 2005 A Bonds Reserve Account shall be used only for, and are hereby pledged for, the purpose of paying principal of and interest on the Series 2005 A Bonds as the same shall come due, when other monies of the Issuer are insufficient therefor, and for no other purpose.

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.

Subject to the Prior Resolutions, the Depository Bank and the Commission, as applicable, at the direction of the Issuer, shall keep the monies

in the Prior Bonds Reserve Fund, the Depreciation Reserve, the Series 2004 A Bonds Reserve Account and the Series 2005 A Bonds Reserve Account, as applicable, invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Prior Bonds Reserve Fund, the Series 2004 A Bonds Reserve Account and the Series 2005 A Bonds Reserve Account, so long as the respective reserve requirement is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank and the Commission, as applicable.

C. **CHANGE OF DEPOSITORY BANK.** The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. **CHARGES AND FEES.** The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

E. **INVESTMENT OF EXCESS BALANCES.** The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

F. **REMITTANCES.** All remittances made by the Issuer to the Depository Bank and the Commission shall clearly identify the fund or account into which each amount is to be deposited.

G. **GROSS REVENUES.** The Gross Revenues of the System shall only be used for purposes of the System.

## ARTICLE V

### GENERAL COVENANTS

Section 5.01.      General Statement. So long as the Series 2005 A Bonds shall be outstanding and unpaid, or until there shall have been set apart a sum sufficient to prepay the entire principal of the Series 2005 A Bonds 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 Bondholder.

Section 5.02.      Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2005 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03.      Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2005 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04.      Issuance of Additional Parity Bonds. No Parity Bonds shall be issued after issuance of the Series 2005 A Bonds unless the provisions contained in the Prior Resolutions respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2005 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding the Prior Bonds or the Bonds issued pursuant hereto or subsequent Parity Bonds, or any combination of such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement from the Independent Certified Public Accountants 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 Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

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

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, 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 Holder of the Series 2005 A 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. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

No Parity Bonds shall be issued any time, however, unless all the payments 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.

No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser; provided that the Purchaser shall not withhold its consent so long as the Issuer meets the conditions set forth in this Section 5.04.

Section 5.05. Insurance and Bonds. A. 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 Series 2005 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(i) 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 and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(ii) 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 Series 2005 A Bonds.

(iii) 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.

(iv) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(vi) 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.

(vii) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Series 2005 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer with insurance carriers or bonding companies acceptable to Purchaser.

B. All insurance proceeds awarded to the Issuer that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the Issuer to prepayment of the Bond, unless otherwise consented to in writing by the Bondholder.

Section 5.06. Statutory Mortgage Lien. 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 Series 2005 A Bonds, on a parity with the Prior Bonds.

Section 5.07. Fiscal Year; Budget. While the Series 2005 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.08. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.09. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.10. 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 Series 2005 A Bonds are outstanding.

Section 5.11.      No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules . A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on February 3, 2005, Case No. 04-1287-PWD-19A, 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 all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

## ARTICLE VII

### TAX COVENANTS

Section 7.01.      Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A.      **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2005 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2005 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the project, or if the Series 2005 A Bonds is for the purpose of financing more than one project, a portion of the project, and shall not exceed the proceeds used for the governmental use of that portion of the project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B.      **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2005 A Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C.      **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2005 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D.      **INFORMATION RETURN.** The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 A Bonds

and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take all actions that may be required of it so that the interest on the Series 2005 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions which would adversely affect such exclusion.

Section 7.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2005 A Bonds which would cause the Series 2005 A Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 2005 A Bonds) so that the interest on the Series 2005 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2005 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2005 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

## ARTICLE VIII

### DEFAULT AND REMEDIES

Section 8.01.      Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 A Bonds:

1. If default occurs in the due and punctual payment of the principal of or interest on the Series 2005 A Bonds; or

(A) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 A Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2005 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Series 2005 A Bonds;

(B) 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

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

Section 8.02.      Remedies. Upon the happening and continuance of any Event of Default, the Registered Owner of the Series 2005 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owner including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2005 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owner of the Series 2005 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2005 A Bonds, or the rights of such Registered Owner.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2005 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

## ARTICLE IX

### DEFEASANCE

Section 9.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holder of the Series 2005 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then this Bond Legislation and 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 Owner of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2005 A Bonds from gross income for federal income tax purposes.

The payment of the Series 2005 A Bonds with either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on the Series 2005 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Series 2005 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Paying Agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on the Series 2005 A Bonds on and prior to the maturity dates thereof. Neither securities nor monies deposited with the Paying Agent pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on the Series 2005 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on the Series 2005 A Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying Agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation . This Bond Legislation may not be amended or modified after final passage without the prior written consent of the Registered Owner; provided, however, that this Bond Legislation may be amended without the consent of the Registered Owner as may be necessary to assure the exclusion of interest on the Series 2005 A Bonds from gross income of the Registered Owner for federal income tax purposes.

Section 10.02. Severability of Invalid Provisions . If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2005 A Bonds.

Section 10.03. Table of Contents and Headings. The table of contents and headings 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 10.04. Conflicting Provisions Repealed. All orders, indentures, or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

Section 10.05. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.06. Effective Date . This Resolution shall take effect immediately upon adoption.

Adopted this 12th day of May, 2005.

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Chairman

CERTIFICATION

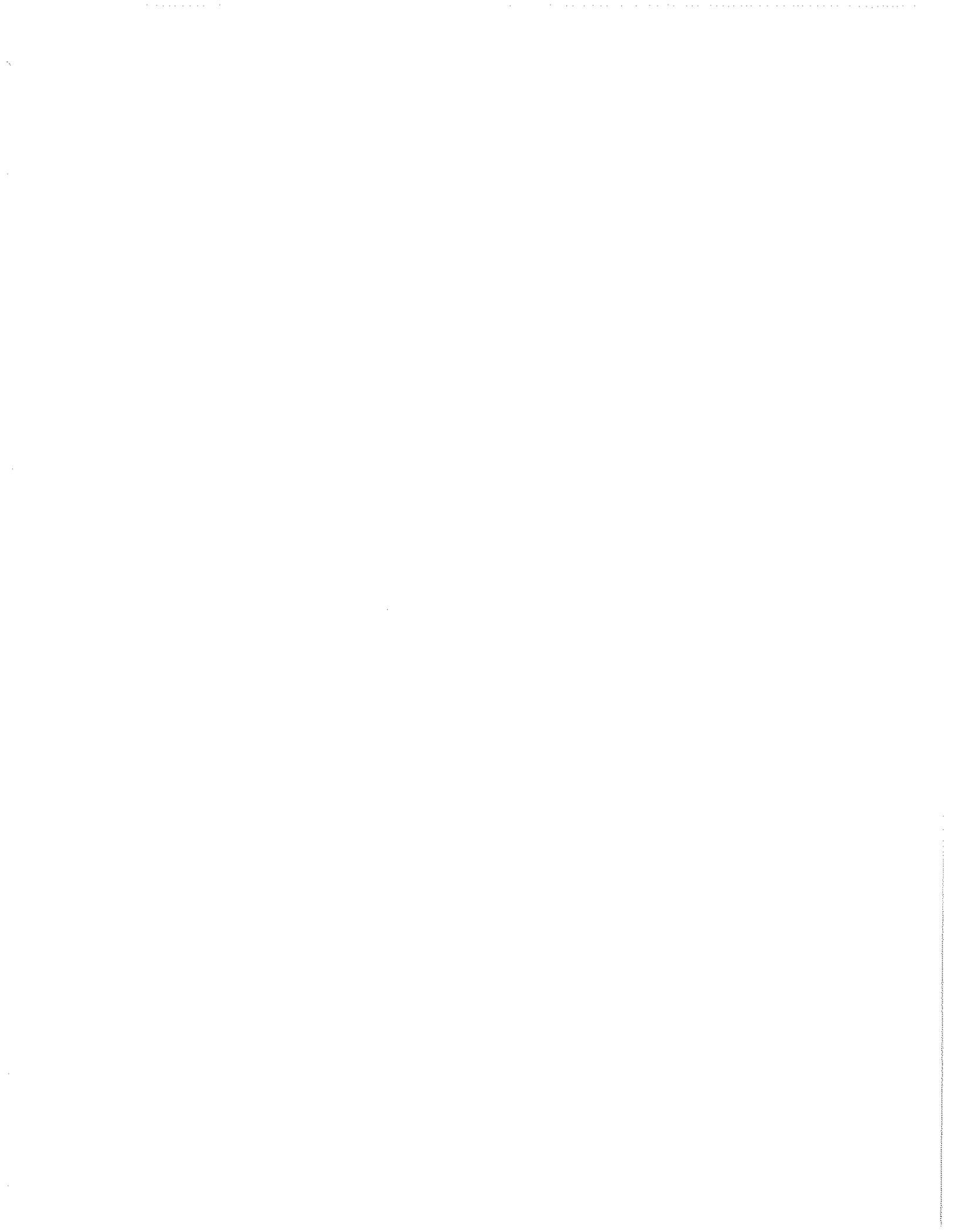
Certified a true copy of a Bond Resolution duly adopted by the Public Service Board of Taylor County Public Service District on the 12th day of May, 2005.

Date: May 16, 2005.

[SEAL]

  
\_\_\_\_\_  
Secretary

05/11/05  
888140.00002



TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2005 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND OTHER TERMS OF THE WATER REFUNDING REVENUE BONDS, SERIES 2005 A, OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO BRANCH BANKING AND TRUST COMPANY; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of Taylor County Public Service District (the "Issuer") has duly and officially adopted a resolution on May 12, 2005 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REFUNDING REVENUE BOND, SERIES 1996 C, OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT AND THE ACQUISITION OF CERTAIN EQUIPMENT TO BE USED IN CONNECTION WITH THE OPERATION OF THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2005 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Water Refunding Revenue Bonds, Series 2005 A, of the Issuer (the "Bonds" or the "Series 2005 A Bonds"), in an aggregate principal amount of not more than \$1,000,000, all in accordance with

Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution, it is provided that the date, the maturity date, interest rate and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by Branch Banking and Trust Company, Charleston, West Virginia (the "Purchaser"), pursuant to the terms of the commitment letter dated January 20, 2005, a copy of which is attached hereto and made a part hereof (the "Commitment Letter"); and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the date, the maturity date, the interest rate and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued the Water Refunding Revenue Bonds, Series 2005 A, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$870,000. The Series 2005 A Bonds shall be dated May 16, 2005, shall mature on May 16, 2012 and shall bear interest as follows:

A. Interest on the Bonds shall be payable at a rate of 3.99% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and the actual number of days in a month (actual number of days divided by 360) payable for the actual number of days elapsed during any portion of a month.

B. Notwithstanding any other provision herein, in the event the interest on the Bonds is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on the Bonds shall be payable at a rate of 6.32% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have

been paid in full prior to the Determination of Taxability. Any interest being past due on the Bonds by reason of such increase shall become immediately due and payable.

C. The Bond shall be payable in 84 monthly installments, commencing June 16, 2005, and continuing on the 16th day of each month thereafter to and including May 16, 2012. The monthly installments shall consist of principal and interest in the amount of \$11,887.86.

D. All payments received by the Paying Agent on account of this Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of this Bond. If not sooner paid, the entire principal amount of this Bond unpaid on May 16, 2012, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

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

Section 3. The Issuer does hereby approve the terms of the Commitment Letter, including specifically the 1/2% fee charged by the Purchaser to issue the Bonds and the 1% prepayment premium should the Bonds be prepaid prior to maturity.

Section 4. The Bonds shall be sold to Branch Banking and Trust Company, Charleston, West Virginia, and shall be registered in the name of such bank. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 5. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, as the Depository Bank, the Registrar and the Paying Agent for the Bonds.

Section 6. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Section 7. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Bonds and 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 to the Purchaser on or about May 16, 2005.

Section 8. Series 2005 A Bonds proceeds in the amount of \$5,947.42 shall be deposited in the Series 2005 A Bonds Reserve Account. There shall be transferred from the Series 1996 C Bonds Reserve Fund by the Depository Bank to the Commission the

amount of \$81,052.58 which, together with \$5,947.42 from the proceeds of the Series 2005 A Bonds, shall be sufficient to fully fund the Series 2005 A Bonds Reserve Account to the amount required by the Bond Resolution.

Section 9. The balance of the proceeds of the Series 2005 A Bonds shall be deposited in the Project Fund for payment of the costs of the acquisition of the Project, including, without limitation, costs of issuance of the Series 2005 A Bonds and related costs.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 12th day of May, 2005.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

A handwritten signature in cursive script, appearing to read "Robert G. Knott", is written over a horizontal line.

Chairman

CERTIFICATION

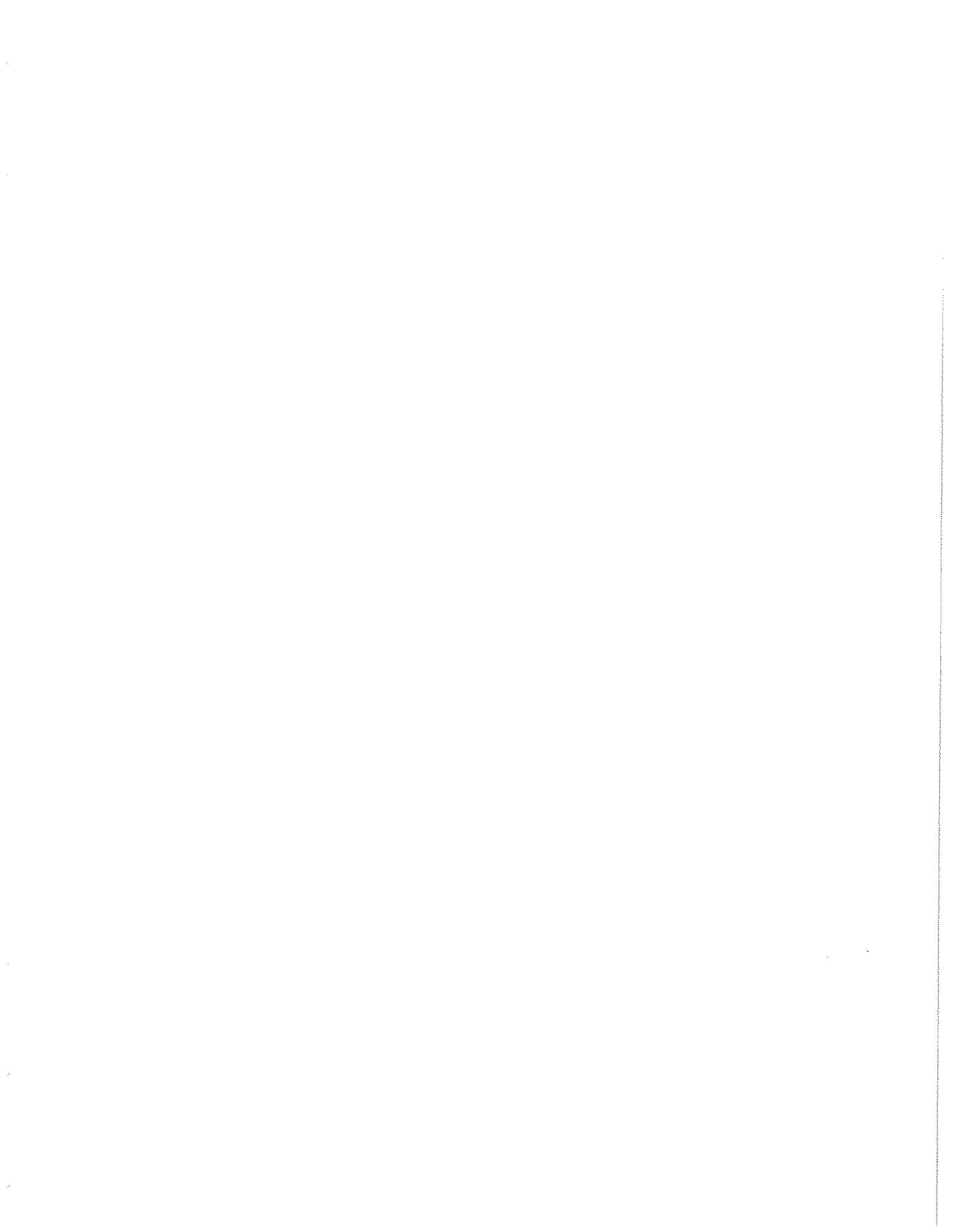
Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Taylor County Public Service District on the 12th day of May, 2005.

Date: May 16, 2005.

[SEAL]

  
Secretary

05/11/05  
888140.00002



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTONEntered: January 14, 2005

CASE NO. 04-1287-PWD-19A

TAYLOR COUNTY PUBLIC SERVICE DISTRICT  
Rule 19A application to increase water rates and charges.RECOMMENDED DECISION

On August 13, 2004, the Taylor County Public Service District (District) filed a 19A application to increase its water rates and charges, pursuant to the Commission's Rules and Regulations for the Construction and Filing of Tariffs (Tariff Rule). Attached to the application was a six (6) page Adjusted Trial Balance for the period ended June 30, 2004. The District stated that the application filing was prompted by a "lack of revenues" and requested that the Commission and its Staff determine the new increased rates.

ON September 14, 2004, Staff Attorney Cecelia Gail Jarrell filed an Initial Joint Staff memorandum to which was attached an Initial Internal Memorandum, dated September 1, 2004, prepared by Scott McNeely, Utilities Analyst II, Water and Wastewater Division, and Andra L. Blackwell, Technical Analyst I, Engineering Division, indicating that the District's revenue fell within the limits required to file an application under Tariff Rule 19A. According to Commission Staff, the District's revenue for its water system for the fiscal year ending June 30, 2003, was \$605,208. Commission Staff also advised the District of its need to comply with the public notice provisions of Tariff Rule 8.2. In particular, it was pointed out that Tariff Rules 8.2.g. and 8.2.i.1. require the District to file Tariff Form Nos. 6-A and 6-B, verifying compliance with the various notice requirements. Commission Staff concluded by stating that the final Staff report would be filed in a timely manner and recommending that this matter be referred to the Division of Administrative Law Judges for further disposition.

By Order dated September 22, 2004, the Commission referred this matter to the Division of Administrative Law Judges for further disposition, with a decision due date of on or before April 11, 2005. Commission Staff was directed to file its report on or before November 22, 2004. It was further ordered that the District mail separate notices

to each individual customer of the filing of the rate application on or before October 22, 2004, and to file with the Commission the appropriate certificate evidencing the mailing of the separate notices on or before November 8, 2004.

On October 4, 2004, the District filed a Tariff Form No. 6-A stating that, on October 1, 2004, it had separately mailed notices to all customers stating that it was seeking a rate increase.

On November 9, 2004, the District filed a letter requesting a twenty (20) day extension of both the Commission Staff report due date and Administrative Law Judge's decision due date. No reason for the extension request was given.

By Commission Order dated November 15, 2004, the Administrative Law Judge's decision due date of April 11, 2004, was extended to May 2, 2005, and the Staff audit report date of November 22, 2004, was extended until December 13, 2004.

On December 13, 2004, Ms. Jarrell filed a Further Joint Staff Memorandum stating that the Staff audit report was being finalized and, barring unforeseen circumstances, should be filed the following day on December 14, 2004.

On December 17, 2004, Ms. Jarrell filed a Final Joint Staff Memorandum to which was attached a Staff Report, dated December 15, 2004, prepared by Mr. McNeely and Ms. Blackwell. Based upon its review and analysis of the District's operations, Commission Staff was of the opinion that no increase in the District's rates and charges was necessary to meet its going level operations.<sup>1</sup> Commission Staff's cash flow analysis, Statement H of the Staff Report, revealed a going level surplus of \$10,270 with a debt service coverage factor of 126.19%. The Staff-recommended rates, as set forth in Statement D, Schedule 3, of the Staff Report, will provide a minimum bill of \$20.82 based on 3000 gallons of water used and an average bill of \$29.60 based on 4500 gallons of water used for the District's Tygart Lake State Park and Knottsville customers. The minimum bill and average bill for the District's former Thornton Public Service District customers, based on the same usage, will be \$16.08 and \$22.86, respectively. Commission Engineering Staff had recommended an annual surplus of \$21,748; however, Commission Financial Staff reduced that amount to \$10,270 due to the District's debt reserve fund being approximately \$5,300 from being fully funded. The debt reserve should be fully funded during the July 1, 2004 - June 30, 2005 fiscal year, although Commission Staff had continued to fund an annual amount of \$16,910 for the debt reserve which ultimately can be used as money in addition to the surplus amount, once the debt reserve is fully funded. Staff also reported that the District had submitted an accepted

<sup>1</sup> The District is currently constructing a project to add approximately 87 new customers and make certain system improvements. The project is estimated to be completed in late 2005. The additional customers, related expenses, and additional debt were not included in this rate case since the District is not currently providing service to the new customers.

prioritized list of needs totaling approximately \$125,00 and had been able to obtain a bank loan for the \$125,000 needed to purchase the items as set forth on page two (2) of the Staff Report Transmittal Letter. It was also reported that the District had obtained a bank loan for \$870,000 for seven (7) years at 3.99% interest, which would include the \$125,000 and the refinancing of its 1996 Service C Revenue Bond. By this refinancing, the District can reduce its annual debt payment by \$32,787.88. Additionally, the debt will be paid off in 2011, instead of the scheduled 2016. After discussion with Commission Engineering Staff, the District's Board agreed to implement a 5% raise for its four (4) full-time employees.<sup>2</sup> Commission Staff also made going level adjustments to several of the District's accounts as detailed in Statement G of the Staff Report, including the 5% wage increase for the District's full-time employees.

In summary, Commission Staff recommended:

- (1) No increase to the District's current rates and charges;
- (2) Approval of Staff's Recommended Tariff as set forth in Statement D, Schedule 3 of the Staff Report<sup>3</sup>;
- (3) Approval of Staff's going level adjustments as set forth in Statement G of the Staff Report, including the 5% wage increase for the District's full-time employees;
- (4) Approval of the \$870,000 BB&T loan at 3.99% for seven (7) years to refinance the District's existing 1996 Series C Revenue Bond and to purchase the items set forth on the District's prioritized list of needs; and,
- (5) That the District review the video tapes from its last tank inspection and that the District obtain estimates to address the maintenance needs of its 1.5 million gallon water storage tank.

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<sup>2</sup> The District was scheduled to approve the 5% wage increase and acceptance of the \$870,000 loan from BB&T at its December 16, 2004 Board Meeting. The District was to forward copies of the minutes for that meeting to Commission Staff. If the wage increase and loan acceptance were not approved, Commission Staff stated that it would be submitting a further revised recommendation based upon deletion of these two (2) items from its analysis. As of the date of this Order, no further recommendation has been filed by Commission Staff and, therefore, it will be assumed that the wage increase and loan acceptance were approved by the District's Board of Directors.

<sup>3</sup> Commission Staff's recommended tariff included revisions to the language of certain tariff provisions to comply with the Commission's present Tariff Rules. The Staff recommended tariff also included a recalculated leak adjustment increment of \$.026 to be used where the customer's bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the matters.

On December 17, 2004, the Staff Report was served upon the District by the Commissioner's Executive Secretary. The cover letter informed the District that it could file a written response within ten (10) days. As of the date of this order, no response or objection to the Staff Report has been filed by the District.

#### FINDINGS OF FACT

1. On August 13, 2004, the Taylor County Public Service District filed a 19A application to increase its water rates and charges, pursuant to the Commission's Tariff Rules. (See, August 13, 2004 filing).
2. The Staff Report revealed that, at its current rates, and with the refinancing of its existing debt which the District proposed, Taylor County Public Service District will have a \$13,736 annual cash surplus and debt service coverage of 128.29%. (See, Staff Report filed December 17, 2004, Statement H).
3. Commission Staff recommended that no increase in the District's current rates and charges be granted; that Staff's recommended tariff, containing editorial revisions to comply with the Commission's present Tariff Rules, be approved; that Staff's going level adjustments, including a 5% wage increase for the District's full-time employees be approved; and that an \$870,000 BB&T loan at 3.99% for seven (7) years, to be used to refinance the District's existing 1996 Series C Revenue Bond and purchase the thirteen (13) items set forth on the District's prioritized list of needs, be approved. (See, Final Joint Staff Memorandum and Staff Report attached thereto filed December 17, 2004).

#### CONCLUSIONS OF LAW

1. The Staff-recommended rates, which are the District's present rates with editorial revisions comply to comply with the language contained in the Commission's present Tariff Rules should be approved, because they are reasonable and provide revenue sufficient, but not more than sufficient, to cover the District's expenses, debt service and reasonable plant additions, without need for additional public notice or formal hearing, since there will be no adverse financial impact upon the District's customers.
2. Commission Staff's going level adjustments, as contained in Statement G of the Staff Report, including a 5% wage increase for the District's full-time employees, should be approved as being fair and reasonable.
3. The \$870,000 BB&T loan at 3.99% interest for a term of seven (7) years, to be used to refinance the District's existing 1996 Series C Revenue Bond and purchase the thirteen (13) items set forth on the District's prioritized list of needs, should be approved as reasonable and necessary for the District's continued operation.

ORDER

IT IS, THEREFORE, ORDERED that the Staff-recommended rates and charges for the Taylor County Public Service District, as contained in Appendix A, attached hereto, be, and hereby are, approved, to become effective for all service rendered on and after the date on which this decision become a final Commission Order.

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

IT IS FURTHER ORDERED that the Taylor County Public Service District's request for approval of an \$870,000 BB&T loan at 3.99% interest for a term of seven (7) years, to be used to refinance its existing 1996 Series C Revenue Bond and purchase the thirteen (13) items set forth on the District's prioritized list of needs, be, and hereby is, approved.

IT IS FURTHER ORDERED that Commission Staff's going level adjustments, as contained in Statement G of the Staff Report, including a 5% wage increase for the District's full-time employees, be, and hereby are, approved.

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

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to

make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Melissa K. Marland  
Chief Administrative Law Judge

MKM:JC:slj  
041287a.wpd

TAYLOR COUNTY PUBLIC SERVICE DISTRICT  
CASE NUMBER 04-1287-PWD-19A

APPROVED RATES

TYGART LAKE STATE PARK & KNOTTSVILLE

APPLICABILITY

Applicable in the Tygart Lake State Park and Knottsville areas.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial water service

<u>RATE</u>	(customers with metered water supply)	
First	3,000 gallons used per month	\$6.94 per 1,000 gallons
Next	3,000 gallons used per month	\$5.85 per 1,000 gallons
Next	4,000 gallons used per month	\$4.81 per 1,000 gallons
Over	10,000 gallons used per month	\$4.01 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$20.82 per month which is the equivalent of 3,000 gallons of water.

5/8	inch meter	\$20.82 per month
3/4	inch meter	\$31.23 per month
1	inch meter	\$52.05 per month
1-1/2	inch meter	\$104.10 per month
2	inch meter	\$166.56 per month
3	inch meter	\$312.30 per month

RECONNECTION CHARGE \$20.00

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

Tap Fee

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

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premise that is associated with a certificate proceeding.

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.

DELAYED PAYMENT PENALTY

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

LEAK ADJUSTMENT

\$0.26 per 1,000 gallons is to be used when a 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 the customer's historical average usage.

FORMER THORNTON PUBLIC SERVICE DISTRICT

APPLICABILITY

Applicable in territory formally served by Thornton Public Service District

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial water service

RATE

	(customers with metered water supply)	
First	3,000 gallons used per month	\$5.36 per 1,000 gallons
Next	3,000 gallons used per month	\$4.52 per 1,000 gallons
Next	4,000 gallons used per month	\$3.72 per 1,000 gallons
Over	10,000 gallons used per month	\$3.10 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$16.08 per month which is the equivalent of 3,000 gallons of water.

5/8	inch meter	\$16.08 per month
3/4	inch meter	\$24.12 per month
1	inch meter	\$40.20 per month
1-1/2	inch meter	\$58.69 per month
2	inch meter	\$80.40 per month
3	inch meter	\$128.64 per month

RECONNECTION CHARGE \$20.00

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

Tap Fee

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

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premise that is associated with a certificate proceeding.

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.

DELAYED PAYMENT PENALTY

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

LEAK ADJUSTMENT

\$0.26 per 1,000 gallons is to be used when a 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 the customer's historical average usage.

CITY OF GRAFTON & WATER PSDs LOCATED IN THE COUNTY

APPLICABILITY

Applicable to customers in the City of Grafton and water public service districts located in the county

AVAILABILITY OF SERVICE

Available for bulk sales to the City of Grafton and water public service located in the county.

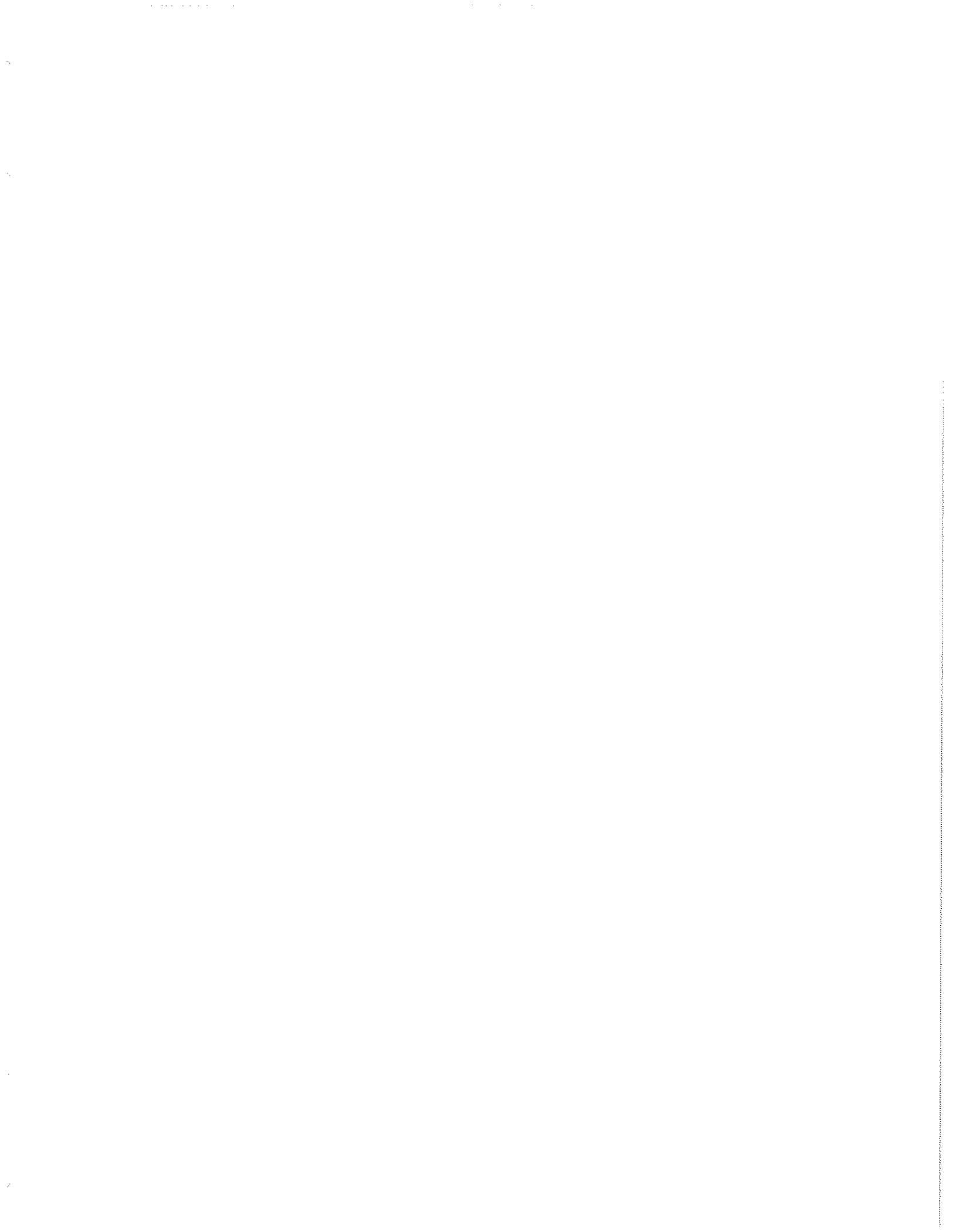
RATE

(sales for resale)

All water for resale to the resale customers of Taylor County Public Service District will be billed in accordance with the approved rate of \$0.83 per 1,000 gallons used per month.

DELAYED PAYMENT PENALTY

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



TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2005 A

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned, authorized representative of Branch Banking and Trust Company, Charleston, West Virginia (the "Purchaser"), and the Chairman of the Public Service Board of Taylor County Public Service District (the "Issuer"), hereby certify as follows:

1. On the 16th day of May, 2005, at Charleston, West Virginia, the Purchaser received the single, fully registered Taylor County Public Service District Water Refunding Revenue Bonds, Series 2005 A, No. R-1 (the "Bond"), in the principal amount of \$870,000, dated May 16, 2005. The Bond represents the entire above-captioned Bond issue.

2. At the time of such receipt, the Bond had been executed and sealed by the designated officials of the Public Service Board of the Issuer.

3. The Issuer has received and hereby acknowledges receipt from the Purchaser of the sum of \$870,000, being the entire principal amount of the Bond.

[Remainder of Page Intentionally Left Blank]

WITNESS our respective signatures on this 16th day of May, 2005.

BRANCH BANKING AND TRUST COMPANY

By: Russell R. Ober  
Its: Authorized officer

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

By: Robert G. Knotts  
Its: Chairman

05/11/05  
888140.00002



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TAYLOR COUNTY PUBLIC SERVICE DISTRICT  
WATER REFUNDING REVENUE BONDS, SERIES 2005 A

No. R-1

\$870,000

KNOW ALL MEN BY THESE PRESENTS: That TAYLOR COUNTY PUBLIC SERVICE DISTRICT, a 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 order of

- BRANCH BANKING AND TRUST COMPANY-

or registered assigns (the "Payee"), the principal sum of EIGHT HUNDRED SEVENTY THOUSAND DOLLARS (\$870,000), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of 3.99% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and the actual number of days in a month (actual number of days divided by 360) payable for the actual number of days elapsed during any portion of a month.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate of 6.32% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. The Bond shall be payable in 84 monthly installments, commencing June 16, 2005, and continuing on the 16th day of each month thereafter, as set forth on the amortization schedule attached as Exhibit A hereto, to and including May 16, 2012. The monthly installments shall consist of principal and interest in the amount of \$11,887.86.

D. All payments received by the Paying Agent on account of this Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of this Bond. If not sooner paid, the entire principal amount of this Bond unpaid on May 16, 2012, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond is payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of Branch Banking and Trust Company, Charleston, West Virginia, as Registrar and Paying Agent.

This Bond is subject to prepayment of principal in whole on any scheduled payment date with a 1% prepayment premium.

This Bond is issued to (i) refund the Issuer's Water Refunding Revenue Bond, Series 1996 C, (ii) finance the costs of acquisition of certain equipment to be used in connection with the operation of the Issuer's existing public waterworks system (the "Project"), (iii) to fund a portion of the reserve account for the Bond, and (iv) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, the Project and any further additions, 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on May 12, 2005, and a Supplemental Resolution, duly adopted by the Issuer on May 12, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated July 16, 2004, issued in the original aggregate principal amount of \$961,000, (ii) Water Revenue Bond, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000, and (iii) Water Revenue Bond, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for the terms of which reference is made to said Bond Legislation. Remedies provided the Payee 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 Bond 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated May 16, 2005.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

[SEAL]

  
Chairman

**SPECIMEN**

ATTEST:

  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: May 16, 2005.

BRANCH BANKING AND TRUST COMPANY,  
as Registrar

By: *Russell M. Fisher II*  
Its: Authorized Officer

**SPECIMEN**

ASSIGNMENT

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

Dated: \_\_\_\_\_

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

BB&amp;T Governmental Finance

Taylor County PSD (Revenue Bond Refunding with Equipment)

Compound Period: Monthly

Nominal Annual Rate: 3.990 %

## CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1	Loan	05/16/2005	870,000.00	1	
2	Payment	06/16/2005	11,887.86	84	Monthly 05/16/2012

## AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	05/16/2005				870,000.00
1	06/16/2005	11,887.86	2,892.75	8,995.11	861,004.89
2	07/16/2005	11,887.86	2,862.84	9,025.02	851,979.87
3	08/16/2005	11,887.86	2,832.83	9,055.03	842,924.84
4	09/16/2005	11,887.86	2,802.73	9,085.13	833,839.71
5	10/16/2005	11,887.86	2,772.52	9,115.34	824,724.37
6	11/16/2005	11,887.86	2,742.21	9,145.65	815,578.72
7	12/16/2005	11,887.86	2,711.80	9,176.06	806,402.66
2005 Totals		83,215.02	19,617.68	63,597.34	
8	01/16/2006	11,887.86	2,681.29	9,206.57	797,196.09
9	02/16/2006	11,887.86	2,650.68	9,237.18	787,958.91
10	03/16/2006	11,887.86	2,619.96	9,267.90	778,691.01
11	04/16/2006	11,887.86	2,589.15	9,298.71	769,392.30
12	05/16/2006	11,887.86	2,558.23	9,329.63	760,062.67
13	06/16/2006	11,887.86	2,527.21	9,360.65	750,702.02
14	07/16/2006	11,887.86	2,496.08	9,391.78	741,310.24
15	08/16/2006	11,887.86	2,464.86	9,423.00	731,887.24
16	09/16/2006	11,887.86	2,433.53	9,454.33	722,432.91
17	10/16/2006	11,887.86	2,402.09	9,485.77	712,947.14
18	11/16/2006	11,887.86	2,370.55	9,517.31	703,429.83
19	12/16/2006	11,887.86	2,338.90	9,548.96	693,880.87
2006 Totals		142,654.32	30,132.53	112,521.79	
20	01/16/2007	11,887.86	2,307.15	9,580.71	684,300.16
21	02/16/2007	11,887.86	2,275.30	9,612.56	674,687.60
22	03/16/2007	11,887.86	2,243.34	9,644.52	665,043.08
23	04/16/2007	11,887.86	2,211.27	9,676.59	655,366.49
24	05/16/2007	11,887.86	2,179.09	9,708.77	645,657.72
25	06/16/2007	11,887.86	2,146.81	9,741.05	635,916.67
26	07/16/2007	11,887.86	2,114.42	9,773.44	626,143.23

## BB&amp;T Governmental Finance

27	08/16/2007	11,887.86	2,081.93	9,805.93	616,337.30
28	09/16/2007	11,887.86	2,049.32	9,838.54	606,498.76
29	10/16/2007	11,887.86	2,016.61	9,871.25	596,627.51
30	11/16/2007	11,887.86	1,983.79	9,904.07	586,723.44
31	12/16/2007	11,887.86	1,950.86	9,937.00	576,786.44
2007 Totals		142,654.32	25,559.89	117,094.43	
32	01/16/2008	11,887.86	1,917.81	9,970.05	566,816.39
33	02/16/2008	11,887.86	1,884.66	10,003.20	556,813.19
34	03/16/2008	11,887.86	1,851.40	10,036.46	546,776.73
35	04/16/2008	11,887.86	1,818.03	10,069.83	536,706.90
36	05/16/2008	11,887.86	1,784.55	10,103.31	526,603.59
37	06/16/2008	11,887.86	1,750.96	10,136.90	516,466.69
38	07/16/2008	11,887.86	1,717.25	10,170.61	506,296.08
39	08/16/2008	11,887.86	1,683.43	10,204.43	496,091.65
40	09/16/2008	11,887.86	1,649.50	10,238.36	485,853.29
41	10/16/2008	11,887.86	1,615.46	10,272.40	475,580.89
42	11/16/2008	11,887.86	1,581.31	10,306.55	465,274.34
43	12/16/2008	11,887.86	1,547.04	10,340.82	454,933.52
2008 Totals		142,654.32	20,801.40	121,852.92	
44	01/16/2009	11,887.86	1,512.65	10,375.21	444,558.31
45	02/16/2009	11,887.86	1,478.16	10,409.70	434,148.61
46	03/16/2009	11,887.86	1,443.54	10,444.32	423,704.29
47	04/16/2009	11,887.86	1,408.82	10,479.04	413,225.25
48	05/16/2009	11,887.86	1,373.97	10,513.89	402,711.36
49	06/16/2009	11,887.86	1,339.02	10,548.84	392,162.52
50	07/16/2009	11,887.86	1,303.94	10,583.92	381,578.60
51	08/16/2009	11,887.86	1,268.75	10,619.11	370,959.49
52	09/16/2009	11,887.86	1,233.44	10,654.42	360,305.07
53	10/16/2009	11,887.86	1,198.01	10,689.85	349,615.22
54	11/16/2009	11,887.86	1,162.47	10,725.39	338,889.83
55	12/16/2009	11,887.86	1,126.81	10,761.05	328,128.78
2009 Totals		142,654.32	15,849.58	126,804.74	
56	01/16/2010	11,887.86	1,091.03	10,796.83	317,331.95
57	02/16/2010	11,887.86	1,055.13	10,832.73	306,499.22
58	03/16/2010	11,887.86	1,019.11	10,868.75	295,630.47
59	04/16/2010	11,887.86	982.97	10,904.89	284,725.58
60	05/16/2010	11,887.86	946.71	10,941.15	273,784.43
61	06/16/2010	11,887.86	910.33	10,977.53	262,806.90
62	07/16/2010	11,887.86	873.83	11,014.03	251,792.87
63	08/16/2010	11,887.86	837.21	11,050.65	240,742.22
64	09/16/2010	11,887.86	800.47	11,087.39	229,654.83
65	10/16/2010	11,887.86	763.60	11,124.26	218,530.57
66	11/16/2010	11,887.86	726.61	11,161.25	207,369.32
67	12/16/2010	11,887.86	689.50	11,198.36	196,170.96
2010 Totals		142,654.32	10,696.50	131,957.82	

## BB&amp;T Governmental Finance

68	01/16/2011	11,887.86	652.27	11,235.59	184,935.37
69	02/16/2011	11,887.86	614.91	11,272.95	173,662.42
70	03/16/2011	11,887.86	577.43	11,310.43	162,351.99
71	04/16/2011	11,887.86	539.82	11,348.04	151,003.95
72	05/16/2011	11,887.86	502.09	11,385.77	139,618.18
73	06/16/2011	11,887.86	464.23	11,423.63	128,194.55
74	07/16/2011	11,887.86	426.25	11,461.61	116,732.94
75	08/16/2011	11,887.86	388.14	11,499.72	105,233.22
76	09/16/2011	11,887.86	349.90	11,537.96	93,695.26
77	10/16/2011	11,887.86	311.54	11,576.32	82,118.94
78	11/16/2011	11,887.86	273.05	11,614.81	70,504.13
79	12/16/2011	11,887.86	234.43	11,653.43	58,850.70
2011 Totals		142,654.32	5,334.06	137,320.26	
80	01/16/2012	11,887.86	195.68	11,692.18	47,158.52
81	02/16/2012	11,887.86	156.80	11,731.06	35,427.46
82	03/16/2012	11,887.86	117.80	11,770.06	23,657.40
83	04/16/2012	11,887.86	78.66	11,809.20	11,848.20
84	05/16/2012	11,887.86	39.66	11,848.20	0.00
2012 Totals		59,439.30	588.60	58,850.70	
Grand Totals		998,580.24	128,580.24	870,000.00	





Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, Eighth Floor

P.O. Box 1588

Charleston, WV 25326-1588

(304) 353-8000 (304) 353-8180 Fax

www.step-toe-johnson.com

Writer's Contact Information

May 16, 2005

Taylor County Public Service District  
Water Refunding Revenue Bonds, Series 2005 A

Taylor County Public Service District  
Post Office Box 202  
Grafton, West Virginia 26354

Branch Banking and Trust Company  
501 Tennessee Avenue  
Charleston, West Virginia 25302

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Taylor County Public Service District in Taylor County, West Virginia (the "Issuer"), of its \$870,000 Water Refunding Revenue Bonds, Series 2005 A, dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution of the Issuer duly adopted May 12, 2005, and a Supplemental Resolution of the Issuer duly adopted May 12, 2005 (collectively, the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

The Bond Legislation provides that the Bonds are issued for the purposes of (i) currently refunding the Issuer's Water Refunding Revenue Bond, Series 1996 C (the "Series 1996 C Bond"), dated September 26, 1996, and issued in the original aggregate principal amount of \$1,454,000, and held by Branch Banking and Trust Company, formerly One Valley Bank of Clarksburg, National Association; (ii) paying the costs of acquisition of certain equipment to be used in connection with the Issuer's existing public waterworks system (the "Project"); (iii) funding a portion of the reserve account for the Bonds, and (iv) paying costs of issuance and related costs. Upon issuance and delivery of the Bonds, the Series 1996 C Bond and all interest accrued thereon will be paid in full.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations

thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Bond Legislation, perform the agreements on its part contained therein and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and constitute a valid and binding special obligation of the Issuer, payable from and secured by a first lien on the Net Revenues (as such term is defined in the Bond Legislation) of the System, on a parity as to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated July 16, 2004, issued in the original aggregate principal amount of \$961,000, (ii) Water Revenue Bond, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000, and (iii) Water Revenue Bond, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000, and a statutory mortgage lien in accordance with the Act.

4. Under the laws, regulations, published rulings and judicial decisions of the United States of America existing on the date hereof, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Resolution, and the Certificate as to Arbitrage.

Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

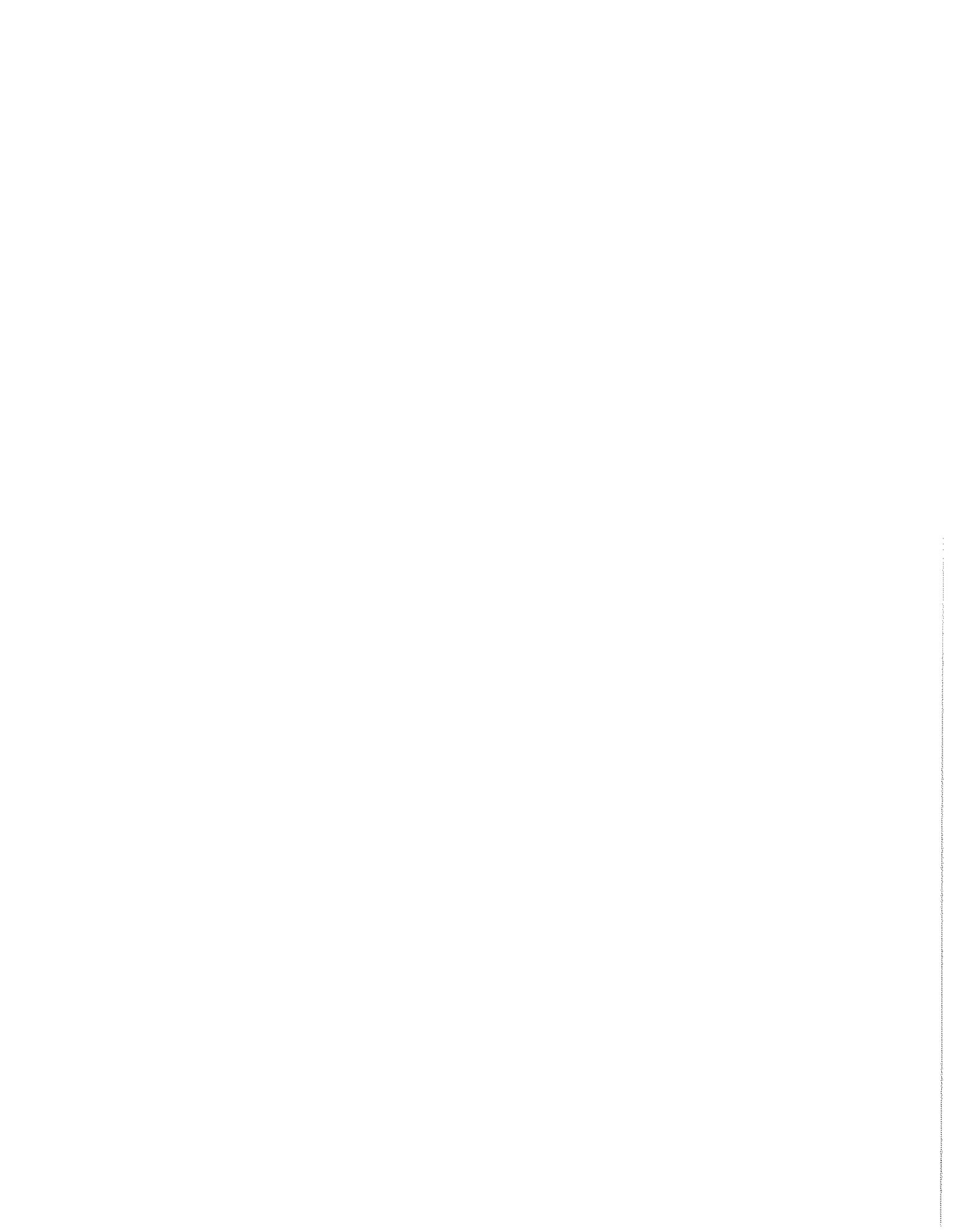
6. Under the Act, the Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of said State, and the interest on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

7. The Series 1996 C Bond has been paid in full and the covenants, agreements and other obligations of the Issuer to the holder of the 1996 C Bond have been satisfied and discharged. In rendering this opinion, we have relied upon the Receipt and Release of Branch Banking and Trust Company dated as of the date hereof.

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

Very truly yours,

  
STEPTOE & JOHNSON PLLC





*bobgorey@verizon.net*

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Please Reply To:

Grafton

May 16, 2005

Taylor County Public Service District  
Waste Refunding Revenue Bonds, Series 2005 A

Branch Banking and Trust Company  
501 Tennessee Avenue  
Charleston, WV 25302

Step toe & Johnson PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

Ladies and Gentleman:

I am counsel to Taylor County Public Service District, in Taylor County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the opinion of Steptoe & Johnson PLLC, as bond counsel, the Bond Legislation (as defined therein) and other documents relating to the above-captioned Bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation 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 a political subdivision of the State of West Virginia, with full power and authority to refund the Series 1996 C Bond, to acquire the Project, to operate and maintain the System, to adopt the Bond Legislation, all under the Act and other applicable provisions of law.
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 Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

Branch Banking and Trust Company

May 16, 2005

Page 2

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Bond Legislation, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any instrument, document or agreement to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, order or decree to which the Issuer is subject.
5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the refunding of the Series 1996 C Bond, the acquisition of the Project and financing of the costs thereof, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Taylor County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribed such rates and charges. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered February 3, 2005, in Case No. 04-1287-PWD-19A, approving and consenting to the issuance of the Bonds, the refunding of the Series 1996 C Bond, and the financing of the Project has expired prior to the date hereof without any appeal.
6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Bond Legislation, the refunding of the Series 1996 C Bond, the acquisition of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Sincerely,

  
ROBERT C. GOREY, JR.  
Attorney at Law

RCG:js



TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2005 A

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. AWARD OF BONDS
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
9. SIGNATURES AND DELIVERY
10. SPECIMEN BOND
11. PRIVATE USE OF FACILITIES
12. NO FEDERAL GUARANTY
13. IRS INFORMATION RETURN
14. CONFLICT OF INTEREST
15. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Taylor County Public Service District in Taylor County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$870,000 aggregate principal amount Taylor County Public Service District Water Refunding Revenue Bonds, Series 2005 A (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted May 12, 2005, and a Supplemental Resolution adopted May 12, 2005 (collectively, the "Bond Legislation").

2. AWARD OF BONDS: The Bonds have been duly awarded to Branch Banking and Trust Company, Charleston, West Virginia (the "Purchaser"), pursuant to a commitment letter dated January 25, 2005, from the Purchaser and the Bond Legislation.

3. 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 Bond, the refunding of the Series 1996 C Bond, the acquisition of the Project, the operation of the System, nor in any way questioning 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 any moneys or security provided for the payment of the Bonds; nor questioning the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the refunding of the Series 1996 C Bond, the acquisition of the Project, the operation of the System, the pledge or application of any moneys or security provided for the payment of the Bonds; nor questioning the rates and charges provided for the services of the System.

4. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the refunding of the Series 1996 C Bond, the acquisition of the Project and the financing of the costs thereof, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been obtained and remain in full force and effect. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on February 3, 2005, in Case No. 04-1287-PWD-19A, approving and consenting to the issuance of the Bonds, the refunding of the Series 1996 C Bond and the acquisition of the Project. The time for appeal of such Final Order has expired prior to the date hereof.

5. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the offer by the Purchaser to purchase the Bonds.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated July 16, 2004, issued in the original aggregate principal amount of \$961,000, (ii) Water Revenue Bond, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000, and (iii) Water Revenue Bond, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000 (collectively, the "Prior Bonds").

The Issuer has obtained a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no 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 Resolutions.

6. 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 or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Consent of Rural Utilities Service to Issuance of Parity Bonds

County Commission Orders Creating District

County Commission Orders Appointing Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Public Service Commission Order

Receipt and Release of Holder of Series 1996 C Bond

Commitment Letter

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Taylor County Public Service District" and it is a public service district duly created by The County Commission of Taylor County and presently existing under the laws of, and a public corporation and a political subdivision of, the State of West Virginia. The Governing Body of the Issuer is its Public Service Board consisting of 4 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>
Robert G. Knotts	June 6, 1999	June 5, 2005
James W. Riggleman	June 6, 2003	June 5, 2009
Edward Beavers	June 6, 2003	June 5, 2009
Carol Klepfel	July 6, 2004	June 6, 2007

There is one vacancy on the Public Service Board as of the date hereof.

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

Chairman	-	Robert G. Knotts
Secretary	-	Edward Beavers
Treasurer	-	James W. Riggleman

The duly appointed and acting Attorney for the Issuer is Robert C. Gorey, Jr., Esquire, of Fairmont, West Virginia.

**8. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the System and the issuance of the Bond 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 Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, elected, 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. SIGNATURES AND DELIVERY:**

On the date hereof, the undersigned Chairman did officially sign the Bonds by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be imprinted upon the Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to the Purchaser. Said official seal is also impressed above the signatures appearing on this certificate.

**10. SPECIMEN BOND:**

Delivered concurrently herewith is a true and accurate specimen of the Bonds.

**11. PRIVATE USE OF FACILITIES:**

The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary to assure the

initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit and other than use as a member of the general public. All of the foregoing have been and shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

12. **NO FEDERAL GUARANTY:** The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

13. **IRS INFORMATION RETURN:** On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah.

14. **CONFLICT OF INTEREST:** No officer or employee of the Issuer has a substantial financial interest, directly, indirectly or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation, including, without limitation, with respect to the Purchaser. 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.

15. 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.

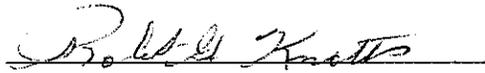
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WITNESS our signatures and the official seal of TAYLOR COUNTY PUBLIC SERVICE DISTRICT on this 16th day of May, 2005.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman



Secretary



Attorney for Issuer

05/11/05  
888140.00002



TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2005 A

CERTIFICATE AS TO ARBITRAGE

The undersigned duly authorized Chairman of the Public Service Board of Taylor County Public Service District, in Taylor County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for issuing the above-captioned Bonds (the "Bonds") of the Issuer, and acting for the Issuer and its name, hereby certifies the following expectations of the Issuer with regard to the Bonds and use of the proceeds thereof, all capitalized terms used herein and not otherwise defined herein to have the meanings ascribed thereto in the Bond Resolution duly adopted by the Issuer on May 12, 2005, as supplemented by a Supplemental Resolution adopted May 12, 2005 (collectively, the "Bond Legislation").

This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or any predecessor thereto (collectively, the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

1. This certificate may be relied upon as the certificate of the Issuer.
2. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its obligations or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.
3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 16, 2005, the date on which the Bonds are to be physically delivered in exchange for the purchase price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.
4. In the Bond Legislation pursuant to which the Bonds are issued, the Issuer has covenanted to not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be an "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted to not

intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Legislation, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

5. The Bonds were sold on May 16, 2005, to Branch Banking and Trust Company, Charleston, West Virginia (the "Purchaser"), for a purchase price of \$870,000 (100% of par), there being no interest accrued thereon.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and will be used by the Issuer on the date hereof as contemplated by the Bond Legislation and related documents for the purposes of (i) currently refunding the Water Refunding Revenue Bond, Series 1996 C (the "1996 C Bond"), of the Issuer; (ii) paying the costs of acquisition of certain equipment to be used in connection with the operation of the existing public waterworks system of the Issuer (the "Project"); (iii) funding a portion of the reserve account for the Bonds; and (iv) paying costs of issuance of the Bonds and related costs.

7. The face amount of the Bonds is \$870,000. The sources and uses of proceeds of the Bonds and the monies transferred from the reserve fund for the Series 1996 C Bond (the "Series 1996 C Reserve Fund") in connection with the refunding of the Series 1996 C Bond is as follows:

Sources

Par amount of Bonds	\$870,000.00
Funds from Series 1996 C Reserve Fund	<u>\$ 81,052.58</u>
Total Sources	<u>\$951,052.58</u>

Uses

Pay off Series 1996 C Bond	\$694,631.57
Deposit to Series 2005 A Bonds Reserve Account	\$ 87,000.00
Costs of Issuance	\$ 12,850.00
Costs of Capital Improvements	<u>\$156,571.01</u>
Total Uses	<u>\$951,052.58</u>

8. The proceeds of the Bonds, together with monies from the Series 1996 C Bond Reserve Fund, will be applied as follows:

(a)	Purchase Price of Bonds	\$870,000.00
	Pay off Series 1996 C Bond	(694,631.57)
	Pay Costs of Issuance	( 12,850.00)
	Deposit to Series 2005 A Bonds Reserve Account	( 5,947.42)
	Pay Costs of Capital Improvements	<u>(156,571.01)</u>
	Total	<u>\$ 0.00</u>
(b)	Funds from Series 1996 C Reserve Fund	\$ 81,052.58
	Deposit to Series 2005 A Bonds Reserve Account	<u>( 81,052.58)</u>
	Total	<u>\$ 0.00</u>

9. Principal of and interest on the Bonds are payable monthly directly to the Purchaser. No sinking fund is created to pay debt service on the bonds.

10. The Series 2005 A Bonds Reserve Account is created under the Bond Legislation in an amount equal to \$87,000.00. The Series 2005 A Bonds Reserve Account is being funded by monies from the Series 1996 C Reserve Fund in the amount of \$81,052.58 and from proceeds of the Bonds in the amount of \$5,947.42. The amount in the Series 1996 C Reserve Fund is equal to 10% of the stated principal amount of the Bonds, and is not in excess of the maximum annual principal and interest requirements of the Bonds or 125% of the average annual principal and interest requirements of the Bonds. The monies in the Series 2005 A Bonds Reserve Account will be invested without restriction as to yield. All earnings on amounts deposited in the Series 2005 A Bonds Reserve Account will, to the extent the yield thereon exceeds the yield on the Bonds, be subject to rebate. All investment earnings on monies in the Series 2005 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and deposited into the Revenue Fund, and such amounts will be applied as set forth in the Bond Legislation. Except for the Series 2005 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential real 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 desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. The establishment of the Series 2005 A Bonds Reserve Account is required by the Purchaser, is

vital to the purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

11. Proceeds of the Bonds in the amount of \$12,850 will be used to pay costs of issuance of the Bonds. All such amounts will be fully expended on the date hereof.

12. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral to secure repayment of debt service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds.

13. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

14. The original proceeds of the Bonds will not exceed the amount necessary for the purpose of the issue.

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

16. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service, Ogden, Utah 84201.

18. No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the yield on the Bonds.

19. In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any

arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Bonds.

20. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

21. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

22. The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

23. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

24. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

25. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income of the holders thereof.

26. The Issuer shall comply with all yield restrictions on the proceeds of the Bonds as set forth in the Code.

27. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest

thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Legislation.

28. The Issuer hereby designates the Bonds for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bonds does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2005.

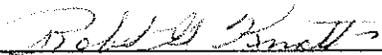
29. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

30. 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.

31. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bond.

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

IN WITNESS WHEREOF, I have set my hand this 16th day of May, 2005.

  
\_\_\_\_\_  
Chairman

05/11/05  
888140.00002



# GARY K. BENNETT

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Certified Public Accountant

317 Cleveland Avenue  
Fairmont, WV 26554  
Telephone: (304) 366-4295  
Fax: (304) 366-4311

May 16, 2005

Taylor County Public Service District  
Water Refunding Revenue Bonds, Series 2005 A  
(Branch Banking and Trust Company)

Taylor County Public Service District  
Grafton, West Virginia

United States Department of Agriculture  
Parkersburg, West Virginia

Branch Banking and Trust Company  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia, which became final on February 3, 2005, in Case No. 04-1287-PWD-19A, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Taylor County Public Service District (the "Issuer"), it is my opinion that such rates and charges will be sufficient to provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 115% of the annual debt service on the Prior Bonds, as defined in the Bond Resolution, and the Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company) (the "Series 2005 A Bonds"), and sufficient to make the payments into the Prior Bonds Reserve Funds, the Series 2005 Bonds Reserve Account, the Series 2005 A Bonds Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year.

It is further my opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2005 A Bonds are issued will be at least 115% of the average annual debt service requirements on the Series 2005 A 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 Series 2005 A Bonds, plus any estimated average increased annual Net Revenues to be received in each of the 3 succeeding years, 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 Series 2005 A Bonds and the Prior Bonds.

Very truly yours,



Gary K. Bennett  
Certified Public Accountant

## Court Order 22

The Taylor County Commission met on March 6, 1990 at 4:00 P.M. Those present were: James A. Kinsey & Thomas R. Spadafore also present were: Taylor County PSD Board and representatives of the City of Grafton, Chuck Poe, and Danny Ellis, PSC.

The County Plan as it now exists is a Draft Copy. The cost analysis study will need to be done before it is complete. It is scheduled to begin in May, 1990.

All interested persons participated in a discussion of the Knottsville water project, and "the loop" in Lucretia. The Thornton PSD was also an issue

The Commission recommended that a joint application be filed between City of Grafton and Taylor County PSD for Knottsville water system, merge Thornton PSD, and loop at Lucretia. Chuck Poe will coordinate this project with 2 members representing Taylor County PSD and 2 members representing City of Grafton and final approval on proposal by the Taylor County Commission.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to request both applicants withdraw their proposal from FmHA subject to advise from FmHA. Motion Carried Unanimously.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to approve Notice of Public Hearing on Enlargement of the Powers of Taylor County Public Service District. The Hearing will be held on April 2, 1990 at 4:00 P.M. Motion Carried Unanimously.

Chuck Poe requested an executive session on a personnel matter.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to write a letter to the Solid Waste Authority commending them on a good job. Motion Carried Unanimously.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to approve budget revisions and journal entries as follows:

310	+2,750.00	378	+500.00
401-11-40	+950.00	706-66-70	+4,000.00
401-56-65	-950.00	712-66-70	+500.00
460-41-55	+2,750.00		
372	+4,000.00		

Journal Entries

401-15	+1,100.00	403-05	+1,300.00
401-19	-1,100.00	403-06	-1,300.00
401-05	+15.00	404-05	+2,200.00
401-06	-15.00	404-06	-2,200.00
402-05	+750.00	405-05	+1,750.00
402-06	-750.00	405-06	-1,750.00



441-05	+1,018.00	460-03	+4,000.00
441-06	-1,018.00	460-04	+11,000.00
456-05	+4,000.00	460-06	-15,000.00
456-06	-4,000.00		

James A. Kinsey made a motion seconded by Thomas R. Spadafore to

approve the bills as follows:

General County	20,615.14
Magistrate	113.31
CH. Cap. Imp.	302.54
Dog Tax	305.79
Coal Severance	<u>1,331.28</u>
TOTAL	\$22,668.06

No further business came before the Commission. Meeting adjourned at

7:30 P.M.

 Clerk

RESOLUTION AND ORDER PROPOSING THE ENLARGEMENT OF THE  
POWERS OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Taylor County, deeming it to be in the public interest, on its own motion proposes the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district or water association,

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code, as amended, a public hearing is required to be held relative to the enlargement of the powers of Taylor County Public Service District.

NOW, THEREFORE, be it ordered by the County Commission of Taylor County, West Virginia, as follows:

SECTION 1: The County Commission of Taylor County deeming it to be in the public interest, hereby proposes the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district or water association.

SECTION 2: On the 2nd day of April, 1990, at the hour of 4:00 P.M., this County Commission shall meet in the County Courtroom at the Courthouse at Grafton, West Virginia, for the purpose of conducting a public hearing on the enlargement of the powers of Taylor County Public Service District, at which time and place all persons interested in or owning or having any interest in property in the territory of Taylor County Public Service District may appear and shall have an opportunity to be heard for and against the enlargement of the powers of the district, and at such hearing the County Commission shall consider and determine the feasibility of the enlargement of the powers of the district.

SECTION 3: The Clerk of the County Commission is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out, to be published on March 21, 1990 in a newspaper of general circulation published in Taylor County and to post notices of such hearing in accordance with the requirements of said Article 13A of Chapter 16.



NOTICE OF PUBLIC HEARING ON ENLARGEMENT OF THE POWERS  
OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Notice is hereby given that, deeming it to be in the public interest, the County Commission of Taylor County, West Virginia, on its own motion has proposed the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district, or water association,

All persons residing in or owning or having any interest in property in the territory of Taylor County Public Service District are hereby notified that the County Commission of Taylor County will conduct a public hearing on the 2nd day of April, 1990, at 4:00 P.M. in the office of the County Commission in the Courthouse of 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 enlargement of the powers of Taylor County Public Service District. By order of the County Commission of Taylor County, this 6th day of March, 1990.

*John M. Zutter*  
President of Taylor County  
Commission

*Don R. Spilase*  
Commissioner

*A. Bruce P. Hargy*  
Commissioner

NOTICE OF PUBLIC HEARING ON ENLARGEMENT OF THE POWERS  
OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Notice is hereby given, that deeming it to be in the public interest, the County Commission of Taylor County, West Virginia, on its own motion has proposed the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district, or water association,

All persons residing in or owning or having any interest in property in the territory of Taylor County Public Service District are hereby notified that the County Commission of Taylor County will conduct a public hearing on the 2nd day of April, 1990, at 4:00 P.M. in the Office of the County Commission in the Courthouse of 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 enlargement of the powers of Taylor County Public Service District. By order of the County Commission of Taylor County, this 5th day of March, 1990.

ATTEST:

*Nancy Virginia Fowler*  
Nancy Virginia Fowler  
Clerk of the County Commission  
of Taylor County, West Virginia

A Copy Taste

*Nancy Virginia Fowler* Clerk



ORDER

WHEREAS, The County Commission of Taylor County, deeming it to be in the public interest, on its own motion proposes the creation of a public service district within Taylor County, West Virginia; and

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

NOW, THEREFORE, BE IT ORDERED by The County Commission of Taylor County, West Virginia, as follows:

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

Section 2. A. The name and corporate title of said public service district shall be the Taylor County Public Service District (the "District").

B. The territory to be embraced in the District shall be the entire territory of Taylor County, excluding the Town of Flemington and subject to the provisions and conditions hereinafter set forth.

C. The purpose of the District shall be to construct or acquire by rental, purchase or otherwise and maintain, operate and improve a water treatment plant to provide potable water in bulk sales only to municipal corporations and presently existing and future public service districts and water associations within the District.

D. The territory described above includes within its limits the territory of other public service districts organized under said Article 13A of Chapter 16, and also includes within its limits the City of Grafton, a municipal corporation, and water associations. However, the City of Grafton plans to cease selling water to wholesale customers (public bodies) because of the inadequacy of its water treatment plant, and the new water treatment plant will serve all those public bodies within Taylor County desiring to purchase water upon bulk sales.

E. The District will not be authorized or empowered to provide water distribution or sewage collection or treatment services or gas distribution services without the further and express order of the County Commission, and then only, as to such municipal corporations, public service districts and water associations, upon prior written consent therefor by any such entity affected.

F. The District will not hold itself out to provide any service whatever other than the bulk sale of potable water to such entities desiring to purchase water from the District through master meters under contracts executed by the District and the entities desiring to so purchase water.

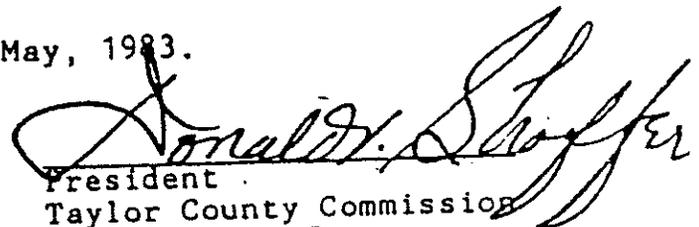
G. The reasons for making the territory of the District the same as the territory of the County of Taylor, excluding the Town of Flemington, are to facilitate financing of the water treatment plant and to enable the County Commission to appoint members to the public service board of the District who must be residents of the District and who may also be residents of a public service district or municipal corporation within the territory of the District.

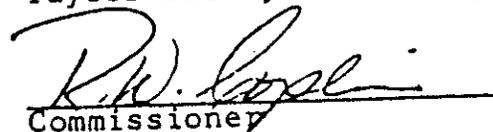
Section 3. On the 6th day of June, 1983, at the hour of 9:00 A.M., this County Commission shall meet in the County Courtroom in the courthouse at Grafton, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed District, at which time and place all persons residing in or owning or having any interest in property in the proposed District may appear and shall have an opportunity to be heard for and against the creation of the District, and, at such hearing, the County Commission shall consider and determine the feasibility of the creation of the proposed District.

Section 4. The Clerk of this County Commission is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on May 24, 1983 in a newspaper of general circulation published in Taylor County, and to post notices

of such hearing in accordance with the requirements of said Article 13A of Chapter 16.

Dated this 12th day of May, 1983.

  
President  
Taylor County Commission

  
Commissioner

  
Commissioner

A Copy Teste

 Clerk

Grafton, West Virginia

June 6, 1983

The County Commission of Taylor County, West Virginia, assembled in regular session, pursuant to law and to the rules of said Commission at the County Court House in Grafton, West Virginia, at 9:00 A.M. The meeting was called to order and the roll being called, there were present: Donald V. Shaffer, President, presiding, and the following named Commissioners: Richard Coplin, Robert Duckworth.

Absent: None

This being the date fixed by prior order of the said County Commission for conducting the public hearing on the creation of the proposed Taylor County Public Service District. 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 proposed public service district,

whereupon, Donald V. Shaffer introduced and caused to be read a proposed resolution and order entitled "A Resolution and Order Proposing the Creation of the Taylor County Public Service District", and further moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Thereupon, a motion was made and seconded that said proposed resolution and order be adopted and after due consideration, the President put the question on the motion and the said motion carried unanimously.

Whereupon, the President declared the motion duly carried and said Resolution and Order duly adopted.

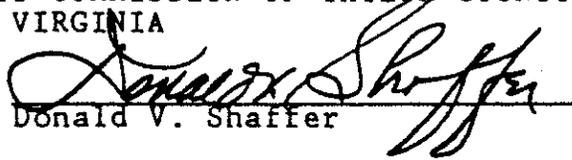
Donald V. Shaffer then introduced and caused to be read a proposed resolution and order entitled "A Resolution and Order Appointing Members to the Taylor County Public Service District". The President then moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. The said motion was made and seconded and after due consideration the President put the question on the

motion and a vote being taken the motion and resolution carried unanimously.

Whereupon, the President declared the motion duly carried and said resolution and order duly adopted.

COUNTY COMMISSION OF TAYLOR COUNTY,  
WEST VIRGINIA

By:

  
Donald V. Shaffer

Its President

ATTEST:

  
Clerk

A Copy Teste

 Clerk

RESOLUTION AND ORDER CREATING THE TAYLOR COUNTY  
PUBLIC SERVICE DISTRICT

Whereas, the County Commission of Taylor County, West Virginia, did heretofore by a resolution and order adopted May 12, 1983, propose the creation of a public service district within Taylor County, West Virginia, as provided by Article 13A of Chapter 16 of the West Virginia Code, the name and corporate title of said public service district to be The Taylor County Public Service District, and did fix a date for a public hearing on the creation of the proposed Taylor County 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 a meeting to be held June 6, 1983, at 9:00 A.M. and have the opportunity to be heard for and against the creation of said district, and

WHEREAS, notice of said hearing was duly given in the manner provided and required by said resolution and order and by said Article 13A 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, and that 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 ordered, 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:

I. \*

Finding it to be in the public interest, a public service district within Taylor County, West Virginia, is hereby created as provided by Article 13A of Chapter 16 of the West Virginia Code.

II.

A. The name and corporate title of said public service district shall be The Taylor County Public Service District (the District).

B. The territory to be embraced in the District shall be the entire territory of Taylor County, excluding the Town of Flemington and subject to the provisions and conditions hereinafter set out.

C. The purpose of the District shall be to

construct or acquire by rental, purchase or otherwise and maintain, operate and improve a water treatment plant to provide potable water in bulk sales only to municipal corporations and presently existing and future public service districts and water associations within the District.

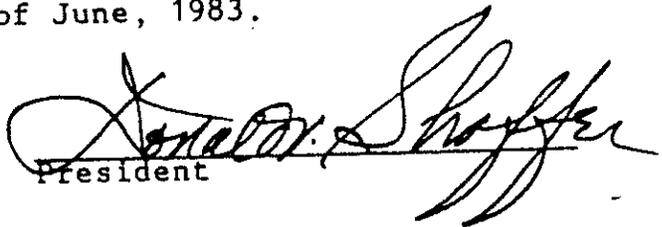
D. The territory described above includes within its limits the territory of other public services districts organized under said Article 13A of Chapter 16, and also includes within its limits the City of Grafton, a municipal corporation, and water associations. However, the City of Grafton plans to cease selling water to wholesale customers (public bodies) because of the inadequacy of its water treatment plant, and the new water treatment plant will serve all those public bodies within Taylor County desiring to purchase water upon bulk sales.

E. The District will not be authorized or empowered to provide water distribution or sewage collection or treatment services or gas distribution services without the further and express order of the County Commission, and then only, as to such municipal corporations, public service districts and water associations, upon prior written consent therefor by any such entity affected.

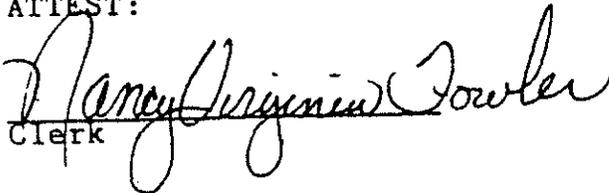
F. The District will not hold itself out to provide any service whatever other than the bulk sale of potable water to such entities desiring to purchase water from the District through master meters under contracts executed by the District and the entities desiring to so purchase water.

G. The reasons for making the territory of the District the same as the territory of the County of Taylor, excluding the Town of Flemington, are to facilitate financing of the water treatment plant and to enable the County Commission to appoint members to the public service board of the District who must be residents of the District and who may also be residents of a public service district or municipal corporation within the territory of the District.

Adopted by the County Commission of Taylor County, West Virginia, this 6th day of June, 1983.

  
President

ATTEST:

  
Clerk

A Copy Teste

 Clerk

The Taylor County Commission met on September 9, 1983 at 9:00 A.M. Those present were: Donald V. Shaffer, Richard W. Coplin & Robert L. Duckworth.

It was determined that the legal requirements had not been met to conduct Hearing set for this date. Richard W. Coplin made a motion seconded by Donald V. Shaffer to approve a Resolution and Order Setting a Date to Enlarge the Taylor County Public Service District for the best interest of Taylor County. The Hearing date will be October 3, 1983 at 9:00 A.M. Motion Carried Unanimously.

No further business came before the Commission. Meeting adjourned at 9:15 A.M.

RESOLUTION AND ORDER PROPOSING THE ENLARGEMENT OF THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Taylor County deeming it to be in the public interest on its own motion propose the enlargement of the Taylor County Public Service District to include the Town of Flemington, West Virginia,

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code, a public hearing is required to be held relative to the enlargement of the Taylor County Public Service District.

NOW, THEREFORE, be it ordered by the County Commission of Taylor County, West Virginia, as follows:

SECTION 1: The County Commission of Taylor County deeming it to be in the public interest hereby propose the enlargement of the Taylor County Public Service District to include the Town of Flemington, as provided by Article 13A of Chapter 16 of the West Virginia Code.

SECTION 2: On the 3rd day of October, 1983, at the hour of 9:00 A.M. this County Commission shall meet in the County Courtroom at the Courthouse at Gratton, West Virginia for the purpose of conducting a public hearing on the enlargement of the Taylor County Public Service District at which time and place all persons residing in or owning or having any interest in property in the Taylor County Public Service District or in the proposed area to be included in the Taylor County Public Service District may appear and shall have an opportunity to be heard for and against the enlargement of the District, and at such hearing the County Commission shall consider and determine the feasibility of the enlargement of the District.

SECTION 3: The Clerk of the County Commission is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out, to be published on September 16, 1983, in a newspaper of general circulation published in Taylor County and to post notices of such hearing in accordance with the requirements of said Article 13A of Chapter 16.

NOTICE OF PUBLIC HEARING ON ENLARGEMENT OF THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Notice is hereby given that, deeming it to be in the public interest, the County Commission of Taylor County, West Virginia, on its own motion has proposed the enlargement of the Taylor County Public Service District to include the Town of Flemington.

All persons residing in or owning or having any interest in property in the Taylor County Public Service District or in the Town of Flemington, the proposed enlargement area, are hereby notified that the County Commission of Taylor County will conduct a public hearing on the 3rd day of October, 1983, at 9:00 A.M. in the Office of the County Commission in the Courthouse of Gratton, 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 enlargement of the Taylor County Public Service District. By order of the County Commission of Taylor County this 9th day of September, 1983.

*Donald V. Shaffer*  
President of the Taylor County Commission  
*Richard W. Coplin*  
Commissioner  
*Robert L. Duckworth*  
Commissioner

NOTICE OF PUBLIC HEARING ON ENLARGEMENT OF THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Notice is hereby given that, deeming it to be in the public interest, the County Commission of Taylor County, West Virginia, on its own motion has proposed the enlargement of the Taylor County Public Service District to include the Town of Flemington.

All persons residing in or owning or having any interest in property in the Taylor County Public Service District or in the Town of Flemington, the proposed enlargement area, are hereby notified that the County Commission of Taylor County will conduct a public hearing on the 3rd day of October, 1983, at 9:00 A.M. in the Office of the County Commission in the Courthouse of Gratton, 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 enlargement of the Taylor County Public Service District. By order of the County Commission of Taylor County this 9th day of September, 1983.

ATTEST:

*Nancy Virginia Fowler*  
Clerk of the County Commission of Taylor County, West Virginia

*Nancy Virginia Fowler* Clerk

A Copy Teste

*Nancy Virginia Fowler* Clerk

Grafton, West Virginia

October 3, 1983

The County Commission of Taylor County, West Virginia, assembled in regular session pursuant to law and to the rules of said Commission at the County Courthouse in Grafton, West Virginia, at 9:00 A.M. The meeting was called to order and the roll being called, there were present Donald V. Shaffer, President, presiding and the following named Commissioners: Richard Coplin, Robert Duckworth.

Absent: None

This being the date fixed by prior order of the said County Commission for conducting the public hearing on the enlargement of the Taylor County Public Service District. The President announced that all such persons residing in or owning or having any interest in property in the Taylor County Public Service District or within the proposed area of enlargement or any other interested person or persons desiring to be heard for or against the enlargement of said district would be heard, and all such interested persons desiring to be heard were given full opportunity.

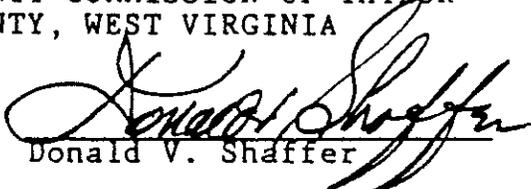
The County Commission then further discussed the enlargement of said district. Whereupon, Donald V. Shaffer introduced and caused to be read a proposed resolution and

order entitled resolution and order proposing the enlargement of the Taylor County Public Service District and further moved that all rules otherwise requiring deferred consideration or several readings be suspended, and said proposed resolution and order be adopted. Thereupon a motion was made and seconded that said proposed resolution and order be adopted and after due consideration, the President put the question on the motion and said motion carried unanimously.

Whereupon, the President declared the motion duly carried and said resolution and order duly adopted.

COUNTY COMMISSION OF TAYLOR  
COUNTY, WEST VIRGINIA

By:

  
Donald V. Shaffer

Its President

ATTEST:

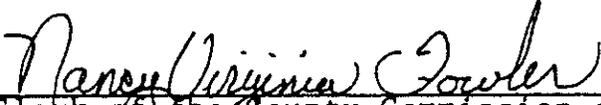
Clerk



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

I, Nancy Virginia Fowler, do 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 had under date of October 3, 1983, pertaining to the resolutions and orders then adopted relating to the enlargement of the Taylor County Public Service District.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Commission at Grafton, West Virginia, this 3rd day of October, 1983.

  
Clerk of the County Commission of  
Taylor County, West Virginia

A Copy Teste

 Clerk

RESOLUTION AND ORDER ENLARGING THE TAYLOR COUNTY  
PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore by a resolution and order adopted September 9, 1983, propose the enlargement of the Taylor County Public Service District as provided by Article 13A of Chapter 16 of the West Virginia Code, and did fix a date for a public hearing on the enlargement of the Taylor County 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 Taylor County Public Service District or in the proposed area of enlargement or any other persons interested might appear before the County Commission at a meeting to be held October 3, 1983, at 9:00 A.M. and have the opportunity to be heard for and against the enlargement of said District, and

WHEREAS, notice of said hearing was duly given in the manner provided and required by said resolution and order and by said Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the enlargement of said District and that no written protest has been filed by the requisite number of qualified voters registered and residing within the said Public Service District or within the proposed area of enlargement and said

County Commission has given due consideration to all matters for which said hearing was ordered, and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order enlarging said district.

NOW, THEREFORE, be it and it is hereby resolved and ordered by the County Commission of Taylor County, West Virginia, that the Taylor County Public Service District is hereby enlarged to include the Town of Flemington, making the territory now embraced in the District, the entire territory of Taylor County.

Adopted by the County Commission of Taylor County, West Virginia, this 3rd day of October, 1983.

*Donald Shaffer*  
President

ATTEST: *Nancy Virginia Fowler*  
Clerk

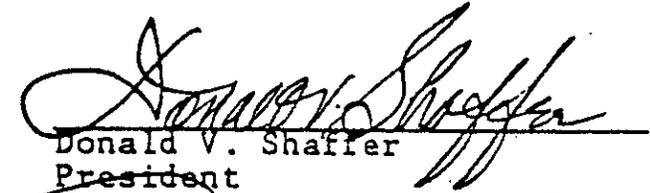
A Copy Teste  
*Nancy Virginia Fowler* Clerk

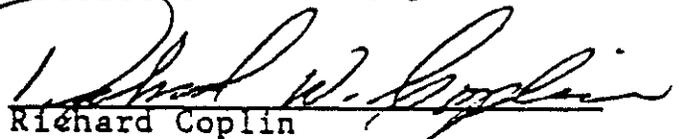
IN THE COUNTY COMMISSION OF TAYLOR COUNTY, WEST VIRGINIA

ORDER

~~At~~ a regular meeting of the Taylor County Commission held June 4, 1984, at the office of the Commission at the Courthouse in Grafton, West Virginia, by motion made, seconded and unanimously passed, the name of THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT as formed by a previous order of this Commission on June 6, 1983 is hereby amended and said district shall henceforth be known as TAYLOR COUNTY PUBLIC SERVICE DISTRICT.

Entered and made effective this 4th day of June, 1984.

  
Donald V. Shaffer  
President

  
Richard Coplin

  
Robert Duckworth

A Copy Tasted Nancy Virginia Smith Clerk

RESOLUTION AND ORDER PROPOSING THE ENLARGEMENT OF THE  
POWERS OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT

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WHEREAS, the County Commission of Taylor County, deeming it to be in the public interest, on its own motion proposes the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district or water association,

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code, as amended, a public hearing is required to be held relative to the enlargement of the powers of Taylor County Public Service District.

NOW, THEREFORE, be it ordered by the County Commission of Taylor County, West Virginia, as follows:

SECTION 1: The County Commission of Taylor County deeming it to be in the public interest, hereby proposes the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district or water association.

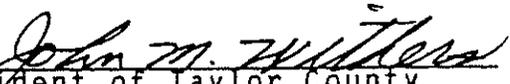
SECTION 2: On the 2nd day of April, 1990, at the hour of 4:00 P.M., this County Commission shall meet in the County Courtroom at the Courthouse at Grafton, West Virginia, for the purpose of conducting a public hearing on the enlargement of the powers of Taylor County Public Service District, at which time and place all persons interested in or owning or having any interest in property in the territory of Taylor County Public Service District may appear and shall have an opportunity to be heard for and against the enlargement of the powers of the district, and at such hearing the County Commission shall consider and determine the feasibility of the enlargement of the powers of the district.

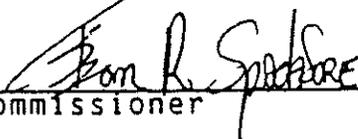
SECTION 3: The Clerk of the County Commission is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out, to be published on March 21, 1990 in a newspaper of general circulation published in Taylor County and to post notices of such hearing in accordance with the requirements of said Article 13A of Chapter 16.

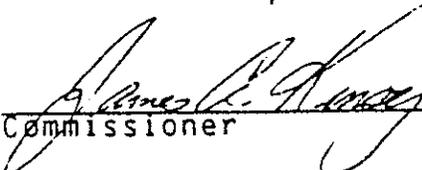
NOTICE OF PUBLIC HEARING ON ENLARGEMENT OF THE POWERS  
OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Notice is hereby given that, deeming it to be in the public interest, the County Commission of Taylor County, West Virginia, on its own motion has proposed the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district, or water association,

All persons residing in or owning or having any interest in property in the territory of Taylor County Public Service District are hereby notified that the County Commission of Taylor County will conduct a public hearing on the 2nd day of April, 1990, at 4:00 P.M. in the office of the County Commission in the Courthouse of 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 enlargement of the powers of Taylor County Public Service District. By order of the County Commission of Taylor County, this 6th day of March, 1990.

  
\_\_\_\_\_  
President of Taylor County  
Commission

  
\_\_\_\_\_  
Commissioner

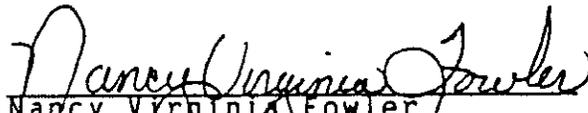
  
\_\_\_\_\_  
Commissioner

NOTICE OF PUBLIC HEARING ON ENLARGEMENT OF THE POWERS  
OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT

Notice is hereby given, that deeming it to be in the public interest, the County Commission of Taylor County, West Virginia, on its own motion has proposed the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not now served by a municipal corporation, public service district, or water association,

All persons residing in or owning or having any interest in property in the territory of Taylor County Public Service District are hereby notified that the County Commission of Taylor County will conduct a public hearing on the 2nd day of April, 1990, at 4:00 P.M. in the office of the County Commission in the Courthouse of 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 enlargement of the powers of Taylor County Public Service District. By order of the County Commission of Taylor County, this 5th day of March, 1990.

ATTEST:

  
Nancy Virginia Fowler  
Clerk of the County Commission  
of Taylor County, West Virginia

A Copy Teste

 Clerk

*Court Order 22*

The Taylor County Commission met on April 2, 1990 at 4:00 P.M. Those present were: John M. Withers, James A. Kinsey & Thomas R. Spadafore.

A motion was made by Thomas R. Spadafore seconded by John M. Withers to approve Minutes of last two meetings as recorded. Motion Carried Unanimously.

A motion was made by Thomas R. Spadafore seconded by John M. Withers to approve Improper Tax Assessments as submitted by the Assessor.

Moran, Donald P. & Grace Ann.	Ref. 10.80
Harman Construction, Inc.	Ref. 876.29
Foley, Charles W. Jr. & Tammy	Ref. 26.35
Constable, Joseph A. & Mazie	Ref. 29.85
James W. Thompson, DBS Thompson Coal & Const.	Ref. 77.87

A Hearing was conducted for Enlargement of the Powers of Taylor County Public Service District. H.W. Pitts, P.E. Vice President, Kelley, Gidley, Blair & Wolfe, presented a letter recommending that the City of Grafton be the applicant for Knottsville water system. George Pigott and Roy Williams also recommended the City of Grafton as the applicant Agency. Chuck Poe, Director, Economic Development Authority submitted a letter endorsing Taylor County PSD as the applicant agency primarily due to financing capability. Tony Veltri gave a brief history of how the Taylor County PSD was created due to lack of financial ability of the City of Grafton to develop this project. Jim Riggleman also presented information that Taylor County PSD became interested in this project because the Draft Plan from the PSC recommended that Taylor County PSD provide water service to Knottsville. This concluded the PSD Hearing.

✓ James A. Kinsey made a motion to approve the Resolution for Enlargement of the Powers of Taylor County Public Service District and submit Resolution to the Public Service Commission for final approval. Motion seconded by Thomas R. Spadafore. Motion Carried.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to approve consolidations of parcels owned by Walter A. Breedlove identified as 29-0031-000 and 29-0031.0001. Motion Carried Unanimously.

Jerry Gavitt, Parrish Agency, met with the Commission and requested to continue to be agent at 8% for the County Commission's State Board of Risk Insurance. The Commission will consider this request.

The Small Cities Block Grant Hearing was conducted. The following requests were made:

1. Clean up docks for scenic beauty on Knottsville Road to Tygart Lake.
2. Chuck Poe requested that whoever is selected as applicant agency for Knottsville water, that this project be given top priority.
3. Wall between Spruce Street and Walnut Street be repaired.
4. Plum Run Extension for Haymond PSD.
5. Clean up dilapidated and abandon housing in the County.
6. If Taylor County PSD is determined as applicant agency, they would like to request funding for Knottsville water.

No other requests were made.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to conclude the Small Cities Block Grant Hearing. Motion Carried Unanimously.

Chuck Poe requested \$64,573.00 for the Office Budget from Title IX EDA funds for 91 fiscal year. This was tabled until April 19, 1990.

Chuck Poe requested to be approved to collect and deposit EDA loan funds now in existence that are presently under the control of the Taylor County Commission. This will be considered on April 19, 1990.

James A. Kinsey made a motion seconded by Thomas R. Spadafore that Coal Severance Budget be amended as follows:

02-325	+13,991.00	02-404-1-10	-248.00
02-460-41-55	+7,000.00	02-405-1-10	-212.00
02-460-11-40	+1,200.00	02-406-1-10	-300.00
02-441-11-40	+1,500.00	02-407-1-10	-26.00
02-401-41-55	+1,000.00	02-441-1-10	-88.00
02-401-1-10	-38.00	02-456-1-10	-351.00
02-402-1-10	-222.00	02-460-1-10	-1,630.00
02-403-1-10	-176.00		

Motion Carried Unanimously.

James A. Kinsey made a motion seconded by Thomas R. Spadafore that the General County Budget be amended as follows:

01-310	+25,000.00	01-460-41-55	+12,000.00
01-401-56-65	+13,000.00	01-999	-324.00
01-404-41-55	+324.00		

Motion Carried Unanimously.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to approve Resolution for Continuing Economic Development Planning Grant for Region VI. Motion Carried Unanimously.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to recognize the Flemington Basketball Team for participation in State Tournaments in Charleston. Motion Carried Unanimously.

The Commission will meet on April 3, 1990 at 4:00 P.M. to approve Poll Workers.

The Commission will meet on April 17, 1990 at 4:00 P.M. to lay levy rates. Motion Carried Unanimously.

James A. Kinsey made a motion seconded by Thomas R. Spadafore to approve Wills for March and Bills as follows:

General County	24,156.58
Fed. Pris.	154.80
Coal Sev.	4,540.86
Escrow EDA	560.00
TOTAL	\$29,412.24

Motion Carried Unanimously.

No further business came before the Commission. Meeting adjourned at 9:30 P.M.

Nancy Virginia Fowler Clerk

A Copy Teste

Nancy Virginia Fowler Clerk

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: March 28, 1991

CASE NO. 90-251-PWD-PC

TAYLOR COUNTY COMMISSION, a public corporation, Taylor County.  
Petition for permission to enlarge powers of Taylor County Public Service District.

RECOMMENDED DECISION

On April 2, 1990, the Taylor County Commission, a public corporation, Grafton, Taylor County, adopted an Order to enlarge the powers of Taylor County Public Service District to allow the District to construct, maintain, and operate water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not presently served by a municipal corporation, public service district, or water association. The April 2, 1990 County Commission Order was forwarded for Commission review and approval, in accordance with the provisions of West Virginia Code §16-13A-2.

By Order entered on June 12, 1990, the matter was scheduled for hearing to be conducted on Thursday, June 21, 1990, in the Council Chambers, City Building, 1 West Main Street, Grafton, West Virginia, beginning at 1:00 P.M., EDST. The Taylor County Commission was required to provide notice of the scheduled hearing in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Taylor County.

The hearing commenced as scheduled. Charlotte R. Lane, Esq., appeared on behalf of the Taylor County Public Service District; Lou Ann Holland, Esq. and George R. Higinbotham, Esq., appeared on behalf of the City of Grafton; and David Glover, Esq. appeared on behalf of Commission Staff. Ms. Virginia Fowler, Clerk of the Taylor County Commission, was also present.

At the start of the June 21, 1990 hearing, it was represented that the Taylor County Commission had been unable to accomplish the required public notice of the scheduled hearing. Ms. Fowler represented that the County Commission did not receive a copy of the Commission's Order until June 19, 1990, and there was insufficient time to secure publication of the required notice. Therefore, the matter would need to be rescheduled, with sufficient public notice, before the Commission could properly affirm, modify or deny the County Commission Order.

Prior to rescheduling the matter for hearing, a question arose as to whether the Commission's approval of the County Commission's Order was required by the provisions of West Virginia Code §16-13A-2. A copy of the

in the Mountain Statesman, a newspaper published and of general circulation in Taylor County, on August 15, 1990. After reviewing that affidavit, the Administrative Law Judge has confirmed that the County Commission provided public notice of the hearing in accordance with the Commission's directives.

On March 22, 1991, Staff notified the ALJ that the City of Grafton and the Taylor County Public Service District had reached a tentative settlement of this case and a pending complaint case in Case No. 87-457-W-C. In part, the City of Grafton agreed to withdraw its opposition to Taylor County Commission's proposal to serve the Knottsville area of Taylor County. On March 25, 1991, the Taylor County Public Service District filed a copy of a newspaper account which confirmed this apparent agreement.

#### BACKGROUND AND EVIDENCE

Taylor County Public Service District owns and operates a water treatment plant and a 1.5 million gallon storage tank which are used to provide wholesale water supplies to five distinct water distribution systems which serve customers in various parts of Taylor County. Taylor County Public Service District introduces its water supplies directly into the City of Grafton's water system. At that point, the City of Grafton uses some of the water supplies to meet the needs of its own customers, while the remaining supplies go to various wholesale meters located at the outskirts of the City's system, which are used to measure the respective water consumption of Thornton Public Service District, Southwestern Public Service District, Haymond Public Service District and Mountain View Water Association. Even though the metering points of the other districts and the water association are located at the end of the City of Grafton's water distribution system, those districts and the water association are considered to be wholesale customers of Taylor County Public Service District. The District renders bills to Thornton Public Service District, Southwestern Public Service District, Haymond Public Service District and Mountain View Water Association based upon their metered water usage at the metering points located at the outskirts of the City of Grafton's distribution system. The City of Grafton's bills are then calculated based upon Taylor County Public Service District's metered water production, less the cumulative metered water usage of the other four resale customers. (Tr., pp. 19-23, 26; City Cross-Examination Exhibit No. 1).

Currently, the only facilities which are owned by Taylor County Public Service District are the water plant, the storage tank, and a limited amount of distribution facilities which are exclusively used to deliver water to the City of Grafton's distribution system. (Tr., pp. 19-20).

As proposed by the Taylor County Commissioner's April 2, 1990 order, the Taylor County Public Service District would be permitted to construct and operate water distribution systems in any part of Taylor County which is not currently receiving water service from an existing Public Service District, municipality or water association. (Tr., p. 20; April 24, 1990 filing of the Taylor County Commission). The proposal was opposed by the

In September of 1989, the Taylor County Commission received a draft County Plan from the Public Service District Division of the Public Service Commission. (Tr., pp. 171-173). The Taylor County Commission submitted a response to the Public Service District Division of its draft plan in approximately December of 1989. (Tr., p. 171).

As a part of that draft plan, the Staff of the Public Service Commission's Public Service District Division had recommended that Taylor County Public Service District be expanded to include Thornton Public Service District, and to provide retail water service to the community of Knottsville and vicinity. (PSD Exhibit No. 1). There is nothing in the submitted recommendation which indicates that Commission Staff was familiar with or considered the City of Grafton's proposed extension of service to the Knottsville area. (Tr., pp. 171-172).

The Administrative Law Judge notes that the recommendations of Commission Staff were preliminary, at best, and no cost/benefit analysis had been conducted to evaluate the potential consolidation, merger or centralization of the existing districts throughout Taylor County. A later draft of the County Plan which included such a cost/benefit analysis would have to be prepared and submitted for review and comment by the affected districts and the Taylor County Commission for a period of six months. If the Taylor County Commission did endorse Staff's draft plan, it would then be filed for the Public Service Commission's review and consideration. As a part of the Public Service Commission's review obligation, public hearings will be conducted to receive and consider all relevant concerns, including those of the general public and those of the private and municipal utilities throughout Taylor County, such as the City of Grafton.

The Taylor County Public Service District proceeded to file a pre-application for FmHA funding of an alternate Knottsville project, even though its expanded authority had not been approved by either the Taylor County Commission or the Public Service Commission. (Tr., pp. 14-15, 40-41). The Taylor County Commission believed that the FmHA would be reluctant to process two competing funding applications for essentially the same Knottsville project. Therefore, on March 6, 1990, the Taylor County Commission had requested both the City of Grafton and the Taylor County Public Service District to withdraw their competing funding applications, and attempt to devise a single, consolidated project. (PSD Exhibit Nos. 2 and 3; Tr., pp. 164-165). The Taylor County Public Service District proceeded to withdraw its application, while the City of Grafton's application remained pending. (Tr., pp. 15, 40-41, 83).

Based upon the preliminary recommendation of Commission Staff's draft county plan, the Taylor County Commission proceeded to expand the authority of the Taylor County Public Service District, by its April 2, 1990 order. (Tr., pp. 8-9, 12-14, 30-31, 165-166, 170-171).

whether the public interest is in favor of or against the proposed expansion of powers. There is no question that the only reason in favor of expanding the District's powers at this time is to allow it to pursue a potential service expansion into the Knottsville area of Taylor County.

If another existing utility, such as the City of Grafton, stands ready, willing and able to serve all or part of the Knottsville territory, the creation of an additional competing entity to serve the same territory may frustrate efforts to provide a needed public service to the Knottsville territory, instead of promoting it. Some of the potential problems arising from competing applications have already been reflected in the FmHA's alleged reluctance to fund either competing project, until the primary water provider is designated by agreement or otherwise. Therefore, as proposed, the approval of the expanded District authority, in the face of opposition from another water provider which holds the power, authority and intent to pursue a similar expansion, would be contrary to the public interest.

The mere claim that certain members of Public Service Commission's Staff have recommended that the Taylor County Public Service District be authorized to serve the Knottsville area of Taylor County, as a part of a draft county plan, has no substantive impact and should carry no weight in this case. It is possible that Staff's proposals were based upon a myopic and limited view of utility service in Taylor County which failed to consider the possible expansion by the City of Grafton's water system as a viable service option. No clear judgment in favor of or against any Staff proposals can be properly made until the proposals are tested and scrutinized in a fair and impartial hearing. The reasons for Staff's prior Taylor County Plan recommendations and the scope of Staff's analysis were not submitted for review or consideration in this case. Until a County Plan is sanctioned by the Commission, after being subject to public hearing or scrutiny, the opinions and recommendations in a draft county plan carry no weight. Therefore, the need for the proposed expansion of the Taylor County Public Service District's powers and authority must be supported by the evidentiary record developed in this case, and not from the unsupported recommendations made by one or more members of Commission Staff within some other extra record context.

There is no credible evidence in the record of this case which would support a finding that the City of Grafton lacked the means, ability and desire to expand its water service to meet the needs of the Knottsville area. To the contrary, the City has pursued necessary project funding and conducted preliminary plans for performing such a project. While members of the Taylor County Public Service District attempted to cast certain aspersions on the City's ability to secure the necessary funding, there was no reliable independent evidence in the record from any funding agency which supported such claims. Further, while the City acknowledged that it had historically experienced substantial unaccounted-for water losses on its existing system, due to its age, the evidence was insufficient to allow the ALJ to conclude that the expansion of its system is infeasible or inadvisable, particularly when the expansion is to be performed in conjunction with a system upgrade.

since it is located approximately two miles from the City's corporate boundaries. (City Exhibit No. 1; Tr., pp. 60-61, 92-93; West Virginia Code §8-20-1).

3. Knottsville and the surrounding communities of Taylor County are not currently within the service territory and boundaries of any existing public service district. (ALJ Request Exhibit No. 1).

4. While the May 12, 1983 order of the Taylor County Commission would allow the Taylor County Public Service District to serve the Knottsville area as a wholesale water supplier, the Taylor County Public Service District is not authorized to provide retail water service to individual customers in any area of Taylor County unless the Taylor County Commission authorizes such operations by explicit order. (Taylor County Public Service District Exhibit No. 1, filed at June 21, 1990 hearing).

5. The April 2, 1990 order of the Taylor County Commission was intended to authorize the Taylor County Public Service District to provide retail water service to presently unserved areas of Taylor County, primarily so it could pursue a contemplated project to serve the Knottsville area. (Tr., pp. 8-9, 12-14, 30-31, 165-166, 170-171).

6. The City of Grafton has apparently withdrawn its objection to the proposed expansion of Taylor County Public Service District's powers, thereby withdrawing any opposition to its pursuit of a proposed District project to serve the Knottsville area of Taylor County. (March 22, 1991 Staff Memorandum; March 25, 1991 District filing).

#### CONCLUSIONS OF LAW

1. Since the April 2, 1990 County Commission order essentially creates a new provider of water distribution services to provide individual residents and businesses in Taylor County with public water service, this ALJ concludes that the proposed expansion of powers must be reviewed and approved by the Public Service Commission pursuant to Code §16-13A-2.

2. If another existing utility, such as the City of Grafton, stands ready, willing and able to serve all or part of the Knottsville territory, the creation of an additional competing entity to serve the same territory may frustrate efforts to provide a needed public service to the Knottsville territory, instead of promoting it. Therefore, as proposed, the approval of the expanded District authority, in the face of opposition from another water provider which holds the power, authority and intent to pursue a similar expansion, would be contrary to the public interest.

3. In view of the City of Grafton's apparent withdrawal of opposition, the ALJ now concludes that it is in the public interest to approve the proposed expansion of authority for the Taylor County Public Service District. Any conceived project must ultimately be reviewed and approved by the Public Service Commission in accordance with the provisions of West Virginia Code §16-13A-25 and §24-2-11. The Commission's approval of the instant petition should in no manner be construed to constitute prior

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 22nd day of July, 1991.

CASE NO. 90-251-PWD-PC

TAYLOR COUNTY COMMISSION, a public corporation, Taylor County.

Petition for permission to enlarge powers of Taylor County Public Service District.

COMMISSION ORDER

On March 28, 1991, the Administrative Law Judge (ALJ) entered a recommended decision. In that Order the ALJ made the following Finding of Fact, among others,

"The City of Grafton has apparently withdrawn its objection to the proposed expansion of Taylor County Public Service District's powers, thereby withdrawing any opposition to its pursuit of a proposed District project to serve the Knottsville area of Taylor County.

In that decision, the ALJ concluded it was in the interest of the public to approve the proposed expansion of authority for the Taylor County Public Service District (PSD) to construct, maintain, and operate water distribution systems within its territory, and to provide and sell potable water on a retail basis to individual customers in any area of its territory not presently served by another water utility. By the March 28, 1991 recommended decision, the ALJ ordered the Taylor County Commission order of April 2, 1990, expanding the powers and authority of the District, be approved as filed.

Accordingly, the ALJ concluded it was in the interest of the public to approve the proposed expansion of authority for the Taylor County Public Service District. By the March 28, 1991 Recommended Decision, the ALJ ordered that the April 2, 1990 order of the Taylor County Commission, expanding the powers and authority of the Taylor County Public Service District, be approved as filed. The ALJ pointed out that such approval did not constitute prejudgement or tacit approval of any engineering agreement or certificate application for any related projects which must be filed by the District, in accordance with West Virginia Code §16-13A-25 and 24-2-1.

On April 12, 1991, Counsel for the City of Grafton (City) filed written exceptions to the March 28, 1991 recommended decision. The document stated that the City agreed with the

ORDER

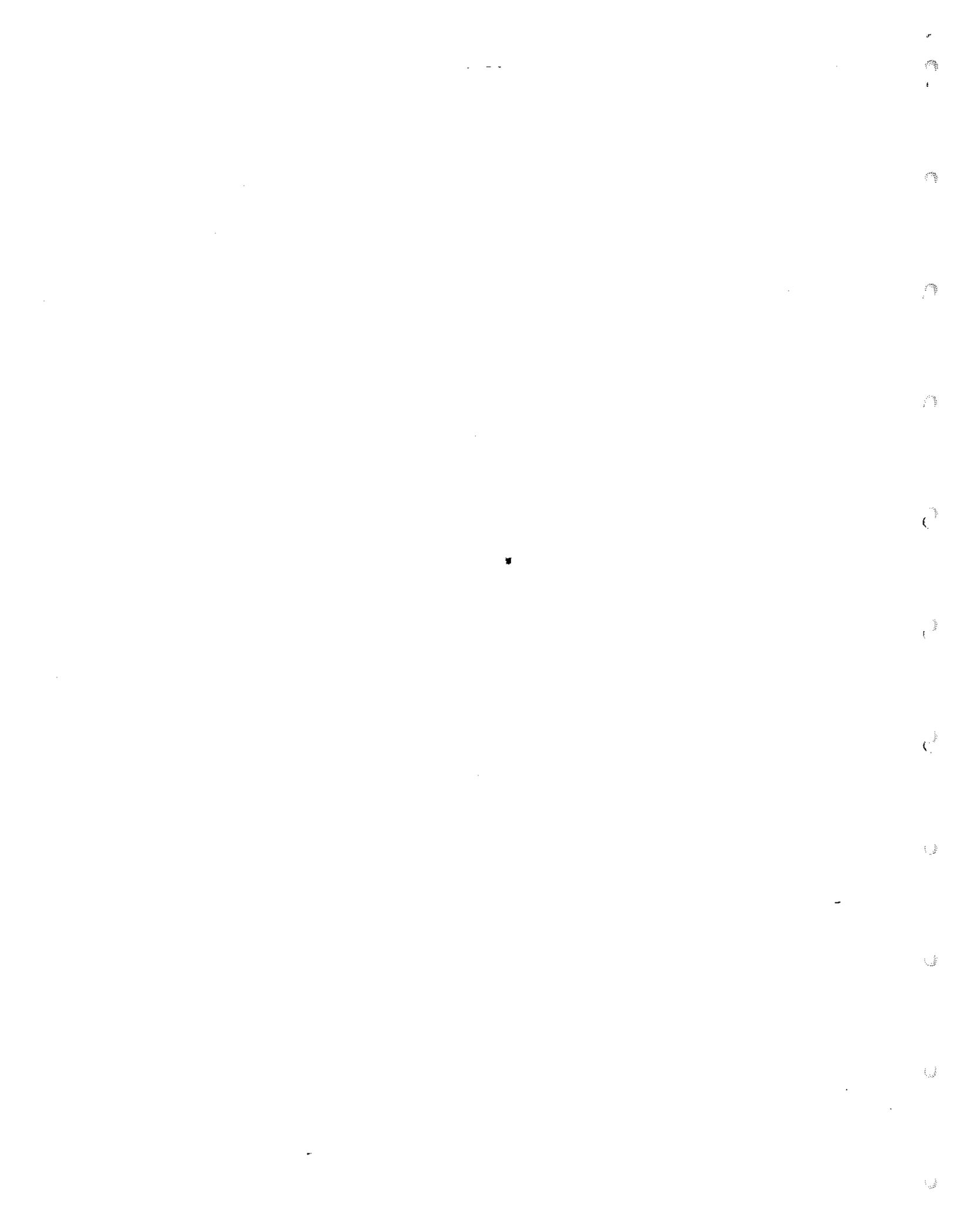
IT IS, THEREFORE, ORDERED that the City of Grafton's exceptions to the Administrative Law Judge's recommended decision of March 28, 1991, are hereby dismissed.

IT IS FURTHER ORDERED that the Administrative Law Judge's recommended decision of March 28, 1991, to approve, as filed, the April 2, 1990 order of the Taylor County Commission, expanding the powers and authority of the Taylor County Public Service District is affirmed.

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

A True Copy, Teste:

  
Howard M. Cunningham  
Executive Secretary





The Taylor County Commission held a Special Meeting on October 17, 2001 at 3:00

P.M. Those present were: Tony Veltri, James A. Kinsey & Robert Weaver.

An exit interview was held with Debbie Coombs, State Auditor's Office. She reviewed some internal control items that will be included in the Audit Report for some over time issues or payments received prior to service. The Commission will take the appropriate action when the Audit is received. It is the Elected Officials responsibility to monitor their respective office.

Bob Gorey, Jr. completed his research on expanding the PSD Board to five members. He had contacted the general counsel of the PSC and stated that a public hearing was not required and the PSD could be expanded to five members due to the additional duties because of the merger of Thornton PSD and the Knottsville area.

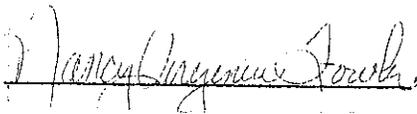
The Taylor County PSD Board advised the Commission that the City of Grafton had appointed Carole Klepfel on the Board and they were concerned about the status of Jim Riggleman.

Kevin Stead, Mayor Horacek and Larry Richman met with the Commission to discuss expansion of PSD Board. James A. Kinsey made a motion seconded by Robert Weaver to expand the Taylor County Public Service District Board to five (5) members due to the additional duties due to the merger of Thornton PSD and Knottsville. Motion Carried Unanimously.

James A. Kinsey made a motion seconded by Robert Weaver to appoint James Riggleman for the 2 year term (6-6-03) and the 5th member will be appointed by the Commission with both the City Council and County Commission giving consideration to the person to be appointed. Motion Carried Unanimously.

The Taylor County Commission signed a document for TREC to continue to promote improvements to Route 50.

No further business came before the Commission. Meeting adjourned at 8:30 P.M.

 Clerk

A Copy Taste



The Taylor County Commission met on June 17, 1999 at 9:00 A.M. Those present were: Robert Weaver, James A. Kinsey & Tony Veltri.

A Hearing was conducted to close road for Farrell Snyder. He requested that the north end of Virginia Ave. and Ninth Street be closed. This is an expansion of Order dated April 22, 1996. Proper notice was published in the newspaper and Charles Gillespie signed a statement that he had no objections to the road closing. Tony Veltri made a motion seconded by Robert Weaver to approve Road closing. Motion Carried Unanimously. Order is recorded at the end of these Minutes.

A motion was made by Tony Veltri seconded by Robert Weaver to approve Depository Bond submitted by First Community Bank. Motion Carried Unanimously. Bond is recorded at the end of these Minutes.

✓ Tony Veltri made a motion seconded by Robert Weaver to re-appoint Robert G. Knotts to Taylor County Public Service District retro-active to June 6, 1999 for a 6 year term. Motion Carried Unanimously.

Robert Weaver made a motion seconded by Tony Veltri to approve Exoneration as submitted by the Assessor.

Kirby, Joseph & Cynthia Exon. 170.20

Motion Carried Unanimously.

Robert Weaver made a motion seconded by Tony Veltri to approve the Delinquent List as submitted by the Sheriff. Motion Carried Unanimously.

A Hearing was conducted for the Small Cities Block Grant for sewer expansion to Parkview and Pruntytown. Jim Hall, Region 6 was present. No one appeared to object. A second Hearing was scheduled for July 6, 1999 at 10:00 A.M. The President adjourned this Hearing.

A motion was made by James A. Kinsey seconded by Tony Veltri to approve \$97,315.18 to pay off loan at One Valley Bank for Ground Floor Renovation. Motion Carried Unanimously.

The Insurance Coverage with St. Paul Insurance Co. was reviewed. James A. Kinsey made a motion seconded by Tony Veltri to approve proposal. Motion Carried Unanimously.

The Second Meeting in July will be on July 15, 1999 at 9:30 A.M.

Bills were approved as follows:

General County	27,974.79
Dog Tax	84.46
Worthless Check	24.91
Magistrate	11,501.48
Home Detention	409.70
	<u>\$39,995.34</u>

No further business came before the Commission. Meeting adjourned at

12:20 P.M.

A Copy Taste

*James A. Kinsey* *Robert Weaver* *Tony Veltri*

The Taylor County Commission met on June 19, 2003 at 10:00 A.M. Those present were: Robert Weaver, Tony Veltri & Dave Gobel.

Tony Veltri made a motion seconded by Dave Gobel to award Courthouse Roof and Jail Roof to Tim Hogan's Roofing Co., Inc. in the amount of \$136,200.00. Motion Carried Unanimously. Engineering and Inspection is not included in the contract.

Gary Swisher had a concern over a right of way in Carmel Estates. A court action was started in 1979. Mr. Swisher was told to check on action in Circuit Court and check with Dept. of Highways. It may take a ruling by the Circuit Judge.

Gary Swisher requested a consolidation of real estate. A motion was made by Dave Gobel seconded by Tony Veltri to consolidate Carmel Estates Lot 25, 26, 27 & 34. Motion Carried Unanimously.

A motion was made by Tony Veltri seconded by Dave Gobel to approve Engineering Contract with Burgess & Niple Inc. for Parkview Small Cities Block Grant Sewage Project and authorize President to execute contract and authorize starting the Preliminary Engineering Report. Motion Carried Unanimously.

The Dog Warden expressed some concerns regarding fees for dogs in the City and also issuing of tickets.

A motion was made by Dave Gobel seconded by Tony Veltri to approve Delinquent List as submitted by the Sheriff. Motion Carried Unanimously.

A motion was made by Dave Gobel seconded by Tony Veltri to approve Exoneration Orders as submitted by the Assessor. Listed on Page 105. Motion Carried Unanimously.

✓ A motion was made by Dave Gobel seconded by Tony Veltri to re-appoint James Riggleman and Edward Beavers for six year terms on Taylor County PSD, retroactive to June 6, 2003. Motion Carried Unanimously.

A motion was made by Dave Gobel seconded by Tony Veltri to approve the following Budget Revision in General County 401-458 -1,698.00 404-341 +1,698.00. Motion Carried Unanimously.

The Commission will meet on July 3, 2003 at 9:30 A.M.

A motion was made by Tony Veltri seconded by Dave Gobel to approve real estate consolidation requested by Mary E. Swisher of Map 11, Parcels 18, 19 and 20 subject to Assessor's review. Motion Carried Unanimously.

A motion was made by Dave Gobel seconded by Tony Veltri to authorize President to make decision and sign agreements to purchase or lease Indexing System for County Clerk's Office.

A motion was made by Dave Gobel seconded by Tony Veltri to approve upgrade on County Clerk's AS400 system next week and approve Maintenance contract.

Bills were approved as follows:

General County	28,562.83
Dog Tax	184.64
Home Detention	734.70
Worthless Check	5,211.40
Magistrate	12,868.25
Deputy Sheriff Ret.	<u>348.00</u>
TOTAL	\$47,909.82

No further business came before the Commission. Meeting adjourned at 4:00 P.M.

  
Clerk

A Copy Taste



over  
Page 4 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.

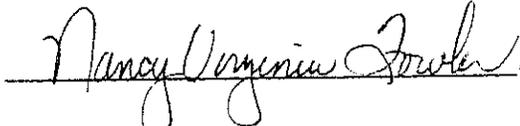
Robert Weaver made a motion seconded by Dave Gobel to approve Depository Bond as submitted by First Community Bank. Motion Carried Unanimously. Bond is recorded at the end of these Minutes.

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.

 Clerk

## RESOLUTION

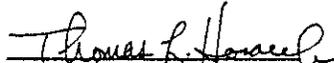
At the regular session of the Council of the City of Grafton, held on the 9<sup>th</sup> day of October, 2001, the following order was made and entered:

**SUBJECT:** The appointment of the City of Grafton's representative to the Taylor County Public Service District. The following resolution was offered:

**RESOLVED:** That the Council of the City of Grafton does hereby appoint Carole F. Klepfel to the Taylor County Public Service District for a period of six (6) years.

**NOW, THEREFORE, BE IT RESOLVED,** Mayor Thomas L. Horacek declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is, hereby adopted as so stated above.

**PASSED BY THE GRAFTON CITY COUNCIL ON THIS THE 9<sup>TH</sup> DAY OF OCTOBER, 2001.**

  
Thomas L. Horacek, Mayor

Attest:

  
Larry M. Richman, City Clerk

A TRUE COPY FROM THE RECORD  
CITY OF GRAFTON:

ATTEST:

  
LARRY M. RICHMAN  
CITY 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.

*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.	Exon. 28.10
Wyckoff, Thomas G. & Holly	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.



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

Taylor County Public Service District Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant

*Robert H. Knott*

Subscribed and sworn to before me in said County and State this 30th day of June, 19 99

*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 herein.

Given under my hand this 30th day of June, 1999 1:37 PM

*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

Taylor County PSD Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant Carole H. Hefner

Subscribed and sworn to before me in said County and State this 12th day of July, 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 12th day of July, 2004-12:59PM

Nancy Virginia Fowler, Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF Taylor Co-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

Taylor County PSD Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant James R. [unclear]

Subscribed and sworn to before me in said County and State this 12th day of July, XX 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 12th day of July, 2004. 12:59PM

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

Taylor County Public Service District Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant Edward Barnett

Subscribed and sworn to before me in said County and State this 28th day of June, 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 hereon.

Given under my hand this 28th day of June, 2004 2:50PM

Nancy Virginia Fowler



RULES OF PROCEDURE

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: TAYLOR COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Post Office Box 202, 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 Taylor County 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 first Tuesday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

## PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Harrison County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Harrison County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected as 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 14th day of July, 2004.



**Taylor County PSD  
Regular Meeting  
January 4, 2005**

The Taylor County PSD held their regular meeting on January 4, 2005 at 1:00 P.M. Those present were: Robert G. Knotts, James W. Riggleman, Edward Beavers & Carole Klepfel.

Approved payment of Bills for Dec. 2004	51,618.14
Less City of Grafton Trans. Fee	6,079.02
Total Dec., 2004 Bills	45,539.12
Total Income from Water Sales 10-20 to 11-20-04	48,467.53
Total Income from Reimb. Of Taxes-KWP	284.66
Interest received on Accounts in Dec.	48,752.19 + Int.
Total income received from All Sources Dec., 2004	3,213.07 + Int.
Payed City of Grafton Trans. Fee 10-20 to 11-20-04	6,386.10

Steve Callet, Bernie Dunlap, Ernie Burkie, the Board met with them concerning progress on Thornton and Eby Project.

Carole Klepfel made a motion to pay for requisition No. 4. Seconded by James Riggleman. Motion Carried. Pay Stonegate Construction Inc. 251,711.60, and Vaughn Coast & Vaughn Inc. 16,740.00.

Election of Officers---- We had election this meeting and Carole made a motion we keep the members in the same office for the year of 2005. Seconded by James Riggleman. Motion Carried.

Minutes were read and approved and signed.

All correspondence was read, approved and signed. We discussed some of the things that need to be done to the plant with Darle Setler. Also discussed were some of the road bore that have problems.

Meeting adjourned at 5:00 P.M.




TAYLOR COUNTY PUBLIC SERVICE DISTRICT  
Water Refunding Revenue Bonds, Series 2005 A

EXCERPT OF MINUTES ON ADOPTION OF  
BOND RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned duly appointed Secretary of the Public Service Board (the "Board") of Taylor County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of said Board:

\*\*\*

\*\*\*

\*\*\*

The Board of Taylor County Public Service District met in regular session, pursuant to notice duly posted, on the 12<sup>th</sup> day of May, 2005, in Grafton, West Virginia, at the hour of 10:30 a.m.

PRESENT: Robert G. Knotts  
James W. Riggleman  
Edward Beavers  
Robert Gorey  
John Stump

ABSENT: None

Robert G. Knotts, Chairman, presided, and Edward Beavers acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REFUNDING REVENUE BOND, SERIES 1996 C, OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT AND THE ACQUISITION OF CERTAIN EQUIPMENT TO BE USED IN CONNECTION WITH THE OPERATION OF THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2005 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF 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 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 DATE, MATURITY, INTEREST RATE AND OTHER TERMS OF THE WATER REFUNDING REVENUE BONDS, SERIES 2005 A, OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO BRANCH BANKING AND TRUST COMPANY; 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 said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

\*\*\* \*\*

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

\*\*\* \*\*

CERTIFICATION

I hereby certify that the foregoing action of Taylor County Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 16th day of May, 2005.

  
Secretary

05/11/05  
888140.00002



WV MUNICIPAL BOND COMMISSION  
 8 Capitol Street  
 Suite 500  
 Charleston, WV 25301  
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: May 16, 2005

(See Reverse for Instructions)

ISSUE: Taylor County Public Service District Water Refunding Revenue Bonds, Series 2005 A

ADDRESS: P. O. Box 202, Grafton, WV 26354 COUNTY: Taylor

PURPOSE OF ISSUE: New Money: X  
 Refunding: X REFUNDS ISSUE(S) DATED: September 26, 1996

ISSUE DATE: May 16, 2005 CLOSING DATE: May 16, 2005

ISSUE AMOUNT: \$ 870,000.00 RATE: 3.99%

1ST DEBT SERVICE DUE: June 16, 2005 1ST PRINCIPAL DUE: June 16, 2005

1ST DEBT SERVICE AMOUNT: \$ 11,887.86 PAYING AGENT: Branch Banking & Trust Company

BOND COUNSEL: Steptoe & Johnson PLLC  
 Contact Person: John Stump, Esquire  
 Phone: 304.353.8196

UNDERWRITERS COUNSEL: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

CLOSING BANK: Branch Banking and Trust Company  
 Contact Person: Russell Akers  
 Phone: 304.353.1635

ESCROW TRUSTEE: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
 Contact Person: James Riggleman  
 Position: Treasurer  
 Phone: 304.265.2323

OTHER: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Function: \_\_\_\_\_  
 Phone: \_\_\_\_\_

DEPOSITS TO MBC AT CLOSE:	Accrued Interest:	\$ _____
By: <u>X</u> Wire	Capitalized Interest:	\$ _____
<u>X</u> Check	<u>X</u> Reserve Account:	\$ <u>87,000.00 (See Note Below)</u>
	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE	To Escrow Trustee:	\$ _____
By: _____ Wire	To Issuer:	\$ _____
_____ Check	To Cons. Invest. Fund:	\$ _____
_____ IGT	To Other:	\$ _____

NOTES: Series 2005 A Bonds Reserve Account will be fully funded at closing with proceeds from the Series 2005 A Bonds of \$5,947.42 which will be wired to the MBC on the closing date, and \$81,052.58 from the Issuer's Series 1996 C Bonds Reserve Fund, which will be transferred by Branch Banking and Trust Company to MBC via check on the closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: \_\_\_\_\_  
 TRANSFERS REQUIRED: \_\_\_\_\_  
 \_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

05/11/05  
888140.00002





January 20, 2005

James Riggleman  
Treasurer  
Taylor County Public Service District  
PO Box 202  
Grafton, WV 26354-202

**Governmental Finance**

501 Tennessee Avenue  
Charleston, WV 25302  
(304) 353-1635  
Fax (304) 340-4702

Dear Mr. Riggleman:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the Taylor County Public Service District ("PSD").

- (1) **Project:** Revenue Bond Refunding & Equipment Purchase
- (2) **Amount To Be Financed:** \$870,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Term</u>	<u>Rate</u>
6 years	3.90% APR
7 years	3.99% APR

Payments shall be monthly in arrears, as requested. See the attached amortization schedule(s) for information on payments.

The financing proceeds shall be deposited on behalf of the PSD in a project fund account with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the PSD for use on Project costs or interest payments.

The interest rates stated above are valid for a closing not later than 30 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T and upon the condition of the property being acceptable to BB&T. We shall review your most recent financial statements before funding this transaction.

Remuneration for our legal expenses, preparation of documentation and for providing the project fund services for this financing transaction shall be ½%. All applicable taxes, surveys, permits, costs of environmental studies, title insurance premiums, costs of lawyers for the PSD and any other costs shall be the PSD's responsibility and separately payable by the PSD. The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The stated interest rates assume that the PSD expects to borrow less than \$10,000,000 in calendar year 2005 and that the financing shall qualify as qualified tax-exempt financing under the

Internal Revenue Code. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not qualified tax-exempt financing.

**(4) Financing Documents:**

It shall be the responsibility of the PSD to retain and compensate counsel to appropriately structure the documents according to West Virginia Statutes. BB&T shall also require the PSD's Bond Counsel to provide an unqualified legal opinion. BB&T reserves the right to review the Note and it must be mutually accepted by BB&T and the PSD.

\* \* \* \* \*

BB&T appreciates the opportunity to make this financing proposal and requests to be notified within five days of this proposal should BB&T be the successful proposer.

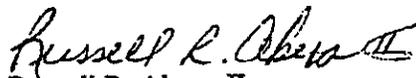
BB&T shall have the right to cancel this offer by notifying the PSD of its election to do so (whether or not this offer has previously been accepted by the PSD) if at any time prior to the closing there is a material adverse change in the PSD's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the PSD or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Should we become the successful proposer, we have attached the form of a resolution that your governing board can use to award the financing to BB&T. If your board adopts this resolution, then BB&T shall not require any further board action prior to closing the transaction.

Please call me at (304) 353-1635 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Russell R. Akers, II  
Assistant Vice President

Enclosure

Resolution Approving Financing Terms

**WHEREAS:** The Taylor County Public Service District ("PSD") has previously determined to undertake a project for a Bond Refunding and Equipment Purchases, and the Finance Officer has now presented a proposal for the financing of such Project.

**BE IT THEREFORE RESOLVED, as follows:**

1. The PSD hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated January 20, 2005. The amount financed shall not exceed \$870,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.99 %, and the financing term shall not exceed 7 years from closing.

2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the PSD are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and a Project Fund Agreement as BB&T may request.

3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by PSD officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The PSD shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The PSD hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. All prior actions of PSD officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this 25<sup>th</sup> day of JANUARY, 2005

Edward Beavers  
(Secretary)

Robert G. Knott  
(Chairman)

SEAL

## BB&amp;T Governmental Finance

## Taylor County PSD (Revenue Bond Refunding with Equipment)

Compound Period ..... : Monthly

Nominal Annual Rate .... : 3.990 %

## CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	01/20/2005	870,000.00	1		
2 Payment	02/20/2005	11,887.86	84	Monthly	01/20/2012

## AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	01/20/2005				870,000.00
1	02/20/2005	11,887.86	2,892.75	8,995.11	861,004.89
2	03/20/2005	11,887.86	2,862.84	9,025.02	851,979.87
3	04/20/2005	11,887.86	2,832.83	9,055.03	842,924.84
4	05/20/2005	11,887.86	2,802.73	9,085.13	833,839.71
5	06/20/2005	11,887.86	2,772.52	9,115.34	824,724.37
6	07/20/2005	11,887.86	2,742.21	9,145.65	815,578.72
7	08/20/2005	11,887.86	2,711.80	9,176.06	806,402.66
8	09/20/2005	11,887.86	2,681.29	9,206.57	797,196.09
9	10/20/2005	11,887.86	2,650.68	9,237.18	787,958.91
10	11/20/2005	11,887.86	2,619.96	9,267.90	778,691.01
11	12/20/2005	11,887.86	2,589.15	9,298.71	769,392.30
2005 Totals		130,766.46	30,158.76	100,607.70	
	12 01/20/2006	11,887.86	2,558.23	9,329.63	760,062.67
	13 02/20/2006	11,887.86	2,527.21	9,360.65	750,702.02
	14 03/20/2006	11,887.86	2,496.08	9,391.78	741,310.24
	15 04/20/2006	11,887.86	2,464.86	9,423.00	731,887.24
	16 05/20/2006	11,887.86	2,433.53	9,454.33	722,432.91
	17 06/20/2006	11,887.86	2,402.09	9,485.77	712,947.14
	18 07/20/2006	11,887.86	2,370.55	9,517.31	703,429.83
	19 08/20/2006	11,887.86	2,338.90	9,548.96	693,880.87
	20 09/20/2006	11,887.86	2,307.15	9,580.71	684,300.16
	21 10/20/2006	11,887.86	2,275.30	9,612.56	674,687.60
	22 11/20/2006	11,887.86	2,243.34	9,644.52	665,043.08
	23 12/20/2006	11,887.86	2,211.27	9,676.59	655,366.49
2006 Totals		142,654.32	28,628.51	114,025.81	
	24 01/20/2007	11,887.86	2,179.09	9,708.77	645,657.72
	25 02/20/2007	11,887.86	2,146.81	9,741.05	635,916.67
	26 03/20/2007	11,887.86	2,114.42	9,773.44	626,143.23
	27 04/20/2007	11,887.86	2,081.93	9,805.93	616,337.30
	28 05/20/2007	11,887.86	2,049.32	9,838.54	606,498.76
	29 06/20/2007	11,887.86	2,016.61	9,871.25	596,627.51

## Taylor County PSD (Revenue Bond Refunding with Equipment)

Date	Payment	Interest	Principal	Balance
30 07/20/2007	11,887.86	1,983.79	9,904.07	586,723.44
31 08/20/2007	11,887.86	1,950.86	9,937.00	576,786.44
32 09/20/2007	11,887.86	1,917.81	9,970.05	566,816.39
33 10/20/2007	11,887.86	1,884.66	10,003.20	556,813.19
34 11/20/2007	11,887.86	1,851.40	10,036.46	546,776.73
35 12/20/2007	11,887.86	1,818.03	10,069.83	536,706.90
2007 Totals	142,654.32	23,994.73	118,659.59	
36 01/20/2008	11,887.86	1,784.55	10,103.31	526,603.59
37 02/20/2008	11,887.86	1,750.96	10,136.90	516,466.69
38 03/20/2008	11,887.86	1,717.25	10,170.61	506,296.08
39 04/20/2008	11,887.86	1,683.43	10,204.43	496,091.65
40 05/20/2008	11,887.86	1,649.50	10,238.36	485,853.29
41 06/20/2008	11,887.86	1,615.46	10,272.40	475,580.89
42 07/20/2008	11,887.86	1,581.31	10,306.55	465,274.34
43 08/20/2008	11,887.86	1,547.04	10,340.82	454,933.52
44 09/20/2008	11,887.86	1,512.65	10,375.21	444,558.31
45 10/20/2008	11,887.86	1,478.16	10,409.70	434,148.61
46 11/20/2008	11,887.86	1,443.54	10,444.32	423,704.29
47 12/20/2008	11,887.86	1,408.82	10,479.04	413,225.25
2008 Totals	142,654.32	19,172.67	123,481.65	
48 01/20/2009	11,887.86	1,373.97	10,513.89	402,711.36
49 02/20/2009	11,887.86	1,339.02	10,548.84	392,162.52
50 03/20/2009	11,887.86	1,303.94	10,583.92	381,578.60
51 04/20/2009	11,887.86	1,268.75	10,619.11	370,959.49
52 05/20/2009	11,887.86	1,233.44	10,654.42	360,305.07
53 06/20/2009	11,887.86	1,198.01	10,689.85	349,615.22
54 07/20/2009	11,887.86	1,162.47	10,725.39	338,889.83
55 08/20/2009	11,887.86	1,126.81	10,761.05	328,128.78
56 09/20/2009	11,887.86	1,091.03	10,796.83	317,331.95
57 10/20/2009	11,887.86	1,055.13	10,832.73	306,499.22
58 11/20/2009	11,887.86	1,019.11	10,868.75	295,630.47
59 12/20/2009	11,887.86	982.97	10,904.89	284,725.58
2009 Totals	142,654.32	14,154.65	128,499.67	
60 01/20/2010	11,887.86	946.71	10,941.15	273,784.43
61 02/20/2010	11,887.86	910.33	10,977.53	262,806.90
62 03/20/2010	11,887.86	873.83	11,014.03	251,792.87
63 04/20/2010	11,887.86	837.21	11,050.65	240,742.22
64 05/20/2010	11,887.86	800.47	11,087.39	229,654.83
65 06/20/2010	11,887.86	763.60	11,124.26	218,530.57
66 07/20/2010	11,887.86	726.61	11,161.25	207,369.32
67 08/20/2010	11,887.86	689.50	11,198.36	196,170.96
68 09/20/2010	11,887.86	652.27	11,235.59	184,935.37
69 10/20/2010	11,887.86	614.91	11,272.95	173,662.42
70 11/20/2010	11,887.86	577.43	11,310.43	162,351.99
71 12/20/2010	11,887.86	539.82	11,348.04	151,003.95
2010 Totals	142,654.32	8,932.69	133,721.63	

## Taylor County PSD (Revenue Bond Refunding with Equipment)

Date	Payment	Interest	Principal	Balance
72 01/20/2011	11,887.86	502.09	11,385.77	139,618.18
73 02/20/2011	11,887.86	464.23	11,423.63	128,194.55
74 03/20/2011	11,887.86	426.25	11,461.61	116,732.94
75 04/20/2011	11,887.86	388.14	11,499.72	105,233.22
76 05/20/2011	11,887.86	349.90	11,537.96	93,695.26
77 06/20/2011	11,887.86	311.54	11,576.32	82,118.94
78 07/20/2011	11,887.86	273.05	11,614.81	70,504.13
79 08/20/2011	11,887.86	234.43	11,653.43	58,850.70
80 09/20/2011	11,887.86	195.68	11,692.18	47,158.52
81 10/20/2011	11,887.86	156.80	11,731.06	35,427.46
82 11/20/2011	11,887.86	117.80	11,770.06	23,657.40
83 12/20/2011	11,887.86	78.66	11,809.20	11,848.20
2011 Totals	142,654.32	3,498.57	139,155.75	
84 01/20/2012	11,887.86	39.66	11,848.20	0.00
2012 Totals	11,887.86	39.66	11,848.20	
Grand Totals	998,580.24	128,580.24	870,000.00	



**Governmental Finance**

501 Tennessee Avenue  
Charleston, WV 25302  
(304) 353-1635  
Fax (304) 340-4702

May 16, 2005

Taylor Public Service District  
Water Refunding Revenue Bonds, Series 2005 A

Taylor County Public Service District  
Grafton, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

The undersigned, purchaser of the above-captioned bond (the "Bonds"), to be issued by Taylor County Public Service District (the "Issuer"), hereby makes the following representations and warranties to you that:

1. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by our purchase of the Bonds, and our net worth and available assets are such that we are able to bear the economic risk of our purchase of the Bonds.

2. We understand that the entire principal of and interest on the Bonds are payable by the Issuer solely from Net Revenues on a parity with the Prior Bonds (all as defined in the Bond Resolution); that the Bonds are a special and limited obligation of the Issuer and are not a general obligation or secured by any obligation or pledge of any monies received or to be received by the Issuer other than the Net Revenues; that the Bonds do not now and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

3. We understand that no official statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the Issuer or the Bonds is being issued and that, in due diligence, we have made our own inquiry and analysis with respect to the Issuer, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds, and are relying solely on such inquiry and analysis in our purchase of the Bonds.

4. We acknowledge that during the course of the transaction and prior to the sale of the Bonds, we have requested or have had access to information, including financial statements and other

financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Bonds and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase the Bonds. No such information requested by us has been denied to us.

5. Because of our experience in financial and business matters, we feel that we are qualified to make the inquiry and analysis described in paragraph 3 and to understand fully the documents and information described in paragraph 4.

6. We understand that the Internal Revenue Code of 1986, as amended (the "Code"), prescribes satisfaction of several requirements in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes, some of which apply after issuance of the Bonds, and that noncompliance by the Issuer with certain of such requirements could cause interest on the Bonds to be includable in gross income for federal income tax purposes and thus, subject to federal income taxation retroactively to the date hereof. We also understand that under the Code, interest on obligations, such as the Bonds, which are not "private activity bonds," are not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations by Section 55 of the Code, but that a provision of the Code which is applicable to corporations (as defined for federal income tax purposes), and which would impose an alternative minimum tax on a portion of the excess of adjusted net book income over pre-book alternative minimum taxable income, could subject part of the interest on the Bonds received by corporations to such corporate alternative minimum tax. Additionally, we understand that for tax years beginning after 1986, interest on the Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code and enacted by the Superfund Revenue Act of 1986, and that for taxable years beginning after 1986, interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to the branch profits tax imposed by the Code.

7. We understand that the Bonds (a) are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service, and (d) will not be readily marketable.

8. We are purchasing the Bonds for investment in our own account and do not intend to divide the Bonds purchased by us nor to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.

Taylor County Public Service District, et al.  
Page 3

9. We have had the opportunity to consult with and be advised by legal counsel as to the significance of this letter and we have satisfied ourselves that the Bonds are a lawful investment for us under all applicable laws.

Yours very truly,

BRANCH BANKING AND TRUST  
COMPANY

By: Russell L. Okean II  
Its: Authorized Officer

05/11/05  
888140.00002



**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

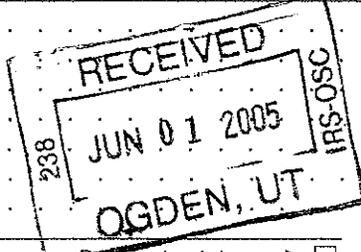
**FILE COPY**  
 154-0720

**Part I Reporting Authority** If Amended Return, check here

1 Issuer's name <b>Taylor County Public Service District</b>	2 Issuer's employer identification number <b>55 0639499</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>Post Office Box 202</b>	Room/suite
5 City, town, or post office, state, and ZIP code <b>Grafton, West Virginia 26354</b>	4 Report number <b>3 - 1</b>
7 Name of issue <b>Taylor County PSD/Water Refunding Revenue Bonds, Series 2005 A</b>	6 Date of issue <b>May 16, 2005</b>
9 Name and title of officer or legal representative whom the IRS may call for more information <b>James Riggleman, Treasurer</b>	8 CUSIP number <b>N/A</b>
	10 Telephone number of officer or legal representative <b>( 304 ) 265.2323</b>

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule

11 <input type="checkbox"/> Education	11	
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15	<b>870,000</b>
16 <input type="checkbox"/> Housing	16	
17 <input type="checkbox"/> Utilities	17	
18 <input type="checkbox"/> Other. Describe ►	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are RANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		



**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>May 16, 2012</b>	<b>\$ 870,000</b>	<b>\$ 870,000</b>	<b>less than 7 years</b>	<b>3.99 %</b>

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	<b>-0-</b>
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>870,000</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>12,850.00</b>
25 Proceeds used for credit enhancement	25	<b>-0-</b>
26 Proceeds allocated to reasonably required reserve or replacement fund	26	<b>6,101.90</b>
27 Proceeds used to currently refund prior issues	27	<b>694,631.56</b>
28 Proceeds used to advance refund prior issues	28	<b>-0-</b>
29 Total (add lines 24 through 28)	29	<b>713,583.46</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>156,416.54</b>

**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)**

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	<b>May 16, 2005</b>
34 Enter the date(s) the refunded bonds were issued	<b>September 26, 1996</b>

**Part VI Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	<b>-0-</b>
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	<b>-0-</b>
b Enter the final maturity date of the guaranteed investment contract		
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	<b>-0-</b>
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer and the date of the issue		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input checked="" type="checkbox"/>
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
40 If the issuer has identified a hedge, check box		<input type="checkbox"/>

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Signature of issuer's authorized representative: Robert G. Knotts Date: 5-16-05  
 Type or print name and title: Robert G. Knotts, Chairman





TAYLOR COUNTY PUBLIC SERVICE DISTRICT

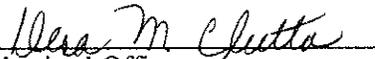
Water Refunding Revenue Bonds, Series 2005 A

RECEIPT AND RELEASE

Branch Banking and Trust Company, formerly One Valley Bank of Clarksburg, National Association, as the holder of the Water Refunding Revenue Bond, Series 1996 C (the "Series 1996 C Bond"), of Taylor County Public Service District (the "District"), dated September 26, 1996, and issued in the original aggregate principal amount of \$1,454,000, hereby certifies that it has this day received the sum of \$694,631.57 from the District and that such sum is sufficient to pay the entire principal amount of and interest accrued on the Series 1996 C Bond to the date hereof and discharge the liens, pledges and encumbrances securing the Series 1996 C Bond.

Dated this 16th day of May, 2005.

BRANCH BANKING AND TRUST COMPANY

By:   
Its: Authorized Officer

05/11/05  
888140.00002





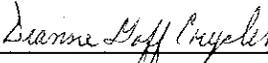
**United States Department of Agriculture  
Rural Development  
West Virginia State Office**

April 27, 2005

Taylor County Public Service District  
Water Refunding Revenue Bonds, Series 2005 A  
(Branch Banking and Trust Company)

CONSENT TO ISSUANCE OF PARITY BONDS

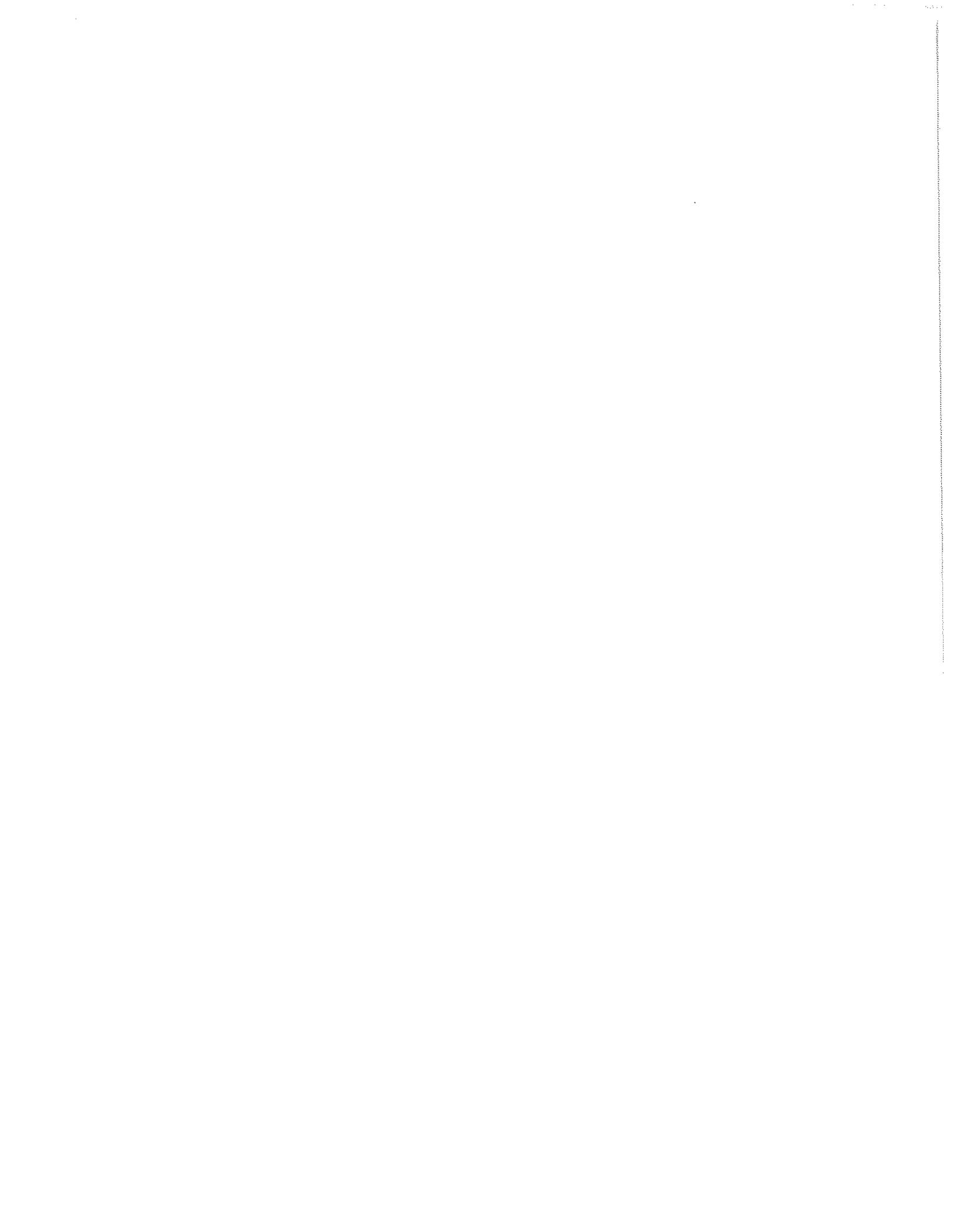
The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amounts of the Series 1996 A Bonds, the Series 1996 B Bonds and the Series 2004 A Bonds hereinafter defined and described, hereby (i) consents to the issuance of the Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company) (the "Series 2005 A Bonds"), in the original aggregate principal amount of not to exceed \$1,000,000, by Taylor County Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2005 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 1996 A, dated February 1, 1996 (the "Series 1996 A Bonds"), Water Revenue Bonds, Series 1996 B, dated February 1, 1996 (the "Series 1996 B Bonds"), and Water Revenue Bonds, Series 2004 A, dated July 16, 2004 (the "Series 2004 A Bonds" and together with the Series 1996 A Bonds and the Series 1996 B Bonds, collectively referred to herein as the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2005 A Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution, if any.

  
\_\_\_\_\_  
Acting State Director

75 High Street, Federal Building, Suite 320, Morgantown, WV 26505-7500  
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## **PROJECT FUND AGREEMENT**

**THIS PROJECT FUND AGREEMENT** is dated as of May 16, 2005, and is by and between **TAYLOR COUNTY PUBLIC SERVICE DISTRICT**, a public body of the State of West Virginia (the "District"), and **BRANCH BANKING AND TRUST COMPANY ("BB&T")**.

### **RECITALS**

The District is, simultaneously with the execution and delivery of this Project Fund Agreement, executing and delivering Water Refunding Revenue Bonds, Series 2005 A, dated as of May 16, 2005 (the "Water Refunding Revenue Bonds"), purchased from the District by BB&T. The purposes of the Water Refunding Revenue Bonds are to (i) provide for BB&T's advance of \$169,421.01 to the District to finance the District's purchase of equipment associated with the operation of the waterworks system, as defined in the Water Refunding Revenue Bonds, (ii) fund a portion of the District's reserve account for the Water Refunding Revenue Bonds, (iii) currently refund the District's Water Refunding Revenue Bond, Series 1996 C, dated September 26, 1996, issued in the original aggregate principal amount of \$1,454,000, and (iv) pay costs of issuance and related costs. In partial consideration for BB&T's purchasing the Water Refunding Revenue Bonds, the District has agreed to provide for financing proceeds to be deposited and disbursed pursuant to this Project Fund Agreement.

**NOW, THEREFORE**, the parties agree as follows:

### **SECTION 1. DEFINITIONS**

In this Project Fund Agreement, the term "***Project Costs***" means all costs of the design, planning, acquiring, and installing of the Equipment as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments payable by the District under the Water Refunding Revenue Bonds, including (a) sums required to reimburse the District or its agents for advances made for any such costs, (b) interest during the installation process and for up to six months thereafter, and (c) all costs related to the financing of the Equipment through the Water Refunding Revenue Bonds and all related transactions, including costs of issuance and related costs.

In addition, any capitalized terms used in this Project Fund Agreement and not otherwise defined shall have the meanings assigned thereto in the Water Refunding Revenue Bonds.

### **SECTION 2. PROJECT FUND.**

**2.1. Project Fund.** On the Closing Date, BB&T will deposit \$169,421.01 into a special account of the District at Branch Banking and Trust Company to be designated "2005-1 Taylor County Public Service District Project Fund" (the "Project Fund"). This account shall be held separate and apart from all other funds of the District. The Project Fund is the District's property,

but the District will withdraw amounts on deposit in the Project Fund only as provided in the Project Fund Agreement and only for application from time to time to the payment of Project Costs. Pending such application, such amounts shall be subject to a lien and charge in favor of BB&T to secure the District's obligations under the Water Refunding Revenue Bonds.

**2.2. Requisitions from Project Fund.** The District may withdraw funds from the Project Fund only after authorization from BB&T. BB&T will authorize a disbursement of funds from the Project Fund upon its receipt of one or more written requisitions signed by a District Representative and substantially in the form of Exhibit A. Any requisition may call for payment to be made (a) to a third party for a Project Cost or (b) to the District as a reimbursement for a prior expenditure on a Project Cost.

Upon receipt of a requisition from the District, BB&T will promptly undertake such review of the matters referred to in such requisition as it shall deem appropriate, and will then promptly notify the District of its approval of the requisition or the reasons for its disapproval.

**2.3. Disposition of Project Fund Balance.**

(a) ***Upon completion*** -- Promptly after the acquisition and installation of the Equipment has been completed, the District shall deliver to BB&T a certificate to such effect signed by a District Representative.

(b) ***Upon default*** -- Upon the occurrence of an Event of Default, BB&T may withdraw any balance remaining in the Project Fund and apply such balance against outstanding Required Payments.

(c) ***After delay or inactivity*** -- If (i) more than two years have elapsed from the Closing Date or (ii) at least six months has passed from BB&T's most recent receipt of a requisition for Project Costs, then BB&T, upon 30 days' notice from BB&T to the District, may withdraw any balance remaining in the Project Fund and apply such balance against outstanding Required Payments.

(d) ***Application of Project Fund balance*** -- BB&T will apply any amounts paid to it pursuant to this section (i) first against all Additional Payments then due and payable, (ii) then to interest accrued and unpaid to the prepayment date, and (iii) then to the prepayment, in inverse order of maturity and without premium (notwithstanding any contrary provisions of Section 3.03 of the Water Refunding Revenue Bonds), of the outstanding principal components of Installment Payments. Such prepayment, however, will not affect any other District payment obligation under the Water Refunding Revenue Bonds. BB&T will notify the District of any withdrawal from the Project Fund made under this Section 2.3, and in the notice will describe its application of the funds withdrawn.

**2.4. Investment.** (a) The District and BB&T agree that money in the Project Fund will be continuously invested and reinvested in a public funds money rate savings account.

(b) From and after the date that is three years from the Closing Date, the District will not purchase or to hold any investment which has a "yield," as determined under the Code, in excess of the "yield" on the District's obligations under the Water Refunding Revenue Bonds, unless the District has supplied BB&T with a Bond Counsel Opinion to the effect that such investment will not adversely affect the exclusion from gross income for federal income tax purposes to which the interest components of Installment Payments would otherwise be entitled.

(c) Investment obligations acquired with money in the Project Fund shall be deemed at all times to be part of the Project Fund. The interest accruing thereon and any profit or loss realized upon the disposition or maturity of any such investment shall be credited to or charged against the Project Fund.

(d) All earnings on moneys in the Project Fund must be used for Project Costs.

### **SECTION 3. MISCELLANEOUS.**

**3.1. Notices.** Any notice or other communication required or contemplated by this Project Fund Agreement shall be deemed to be delivered if in writing, addressed as provided below and if (a) actually received by such addressee, or (b) in the case of mailing, when indicated to have been delivered by a signed receipt returned by the United States Postal Service after deposit in the United States mails, postage and registry fees prepaid, and clearly directed to be transmitted as registered or certified mail:

(i) If intended for the District, addressed to it at the following address: Taylor County Public Service District, Attention: Treasurer, Post Office Box 202, Grafton West Virginia 26345.

(ii) If intended for BB&T, addressed to it at the following address: BB&T Governmental Finance, Attention: Account Administration/Municipal – Project Fund Agreement Notice, Post Office Box 31273, Charlotte, North Carolina 28231.

Any party may designate a different or alternate address for notices by notice given under this Project Fund Agreement.

**3.2. Survival of Covenants and Representations.** All covenants, representations and warranties made by the District in this Project Fund Agreement and in any certificates delivered pursuant to this Project Fund Agreement shall survive the delivery of this Project Fund Agreement.

**3.3. Choice of Law.** The parties intend that West Virginia law shall govern this Project Fund Agreement.

**3.4. Amendments.** This Project Fund Agreement may not be modified or amended unless such amendment is in writing and signed by BB&T and the District.

**3.5. No Third-Party Beneficiaries.** There are no parties intended to be or which shall be deemed to be third-party beneficiaries of this Project Fund Agreement.

3.6. **Successors and Assigns.** All of the covenants and conditions of this Project Fund Agreement shall be binding upon and inure to the benefit of the parties to this Project Fund Agreement and their respective successors and assigns.

3.7. **Severability.** If any court of competent jurisdiction shall hold any provision of this Project Fund Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this Project Fund Agreement.

3.8. **Counterparts.** This Project Fund Agreement may be executed in any number of counterparts, including separate counterparts, each executed counterpart constituting an original but all together only one agreement.

3.9. **Termination.** Except as otherwise provided in this Project Fund Agreement, this Project Fund Agreement shall cease and terminate upon payment of all funds (including investment proceeds) from the Project Fund.

IN WITNESS WHEREOF, each of the parties has caused this Project Fund Agreement to be signed and delivered by a duly authorized officer, all as of the date first above written.

**TAYLOR COUNTY PUBLIC SERVICE  
DISTRICT**

  
Chairman

**BRANCH BANKING AND  
TRUST COMPANY**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

*[Project Fund Agreement dated as of May 16, 2005]*

3.6. **Successors and Assigns.** All of the covenants and conditions of this Project Fund Agreement shall be binding upon and inure to the benefit of the parties to this Project Fund Agreement and their respective successors and assigns.

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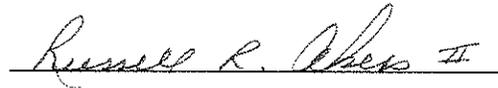
IN WITNESS WHEREOF, each of the parties has caused this Project Fund Agreement to be signed and delivered by a duly authorized officer, all as of the date first above written.

**TAYLOR COUNTY PUBLIC SERVICE  
DISTRICT, WEST VIRGINIA**

---

District Manager

**BRANCH BANKING AND  
TRUST COMPANY**



Printed Name: Russell R. Akers, II

Title: Assistant Vice President

*[Project Fund Agreement dated as of May 16, 2005]*

**EXHIBIT A**

**PROJECT FUND REQUISITION**

*[To Be Prepared on District's Letterhead for Submission]*

[Date] \_\_\_\_\_

Kathy McDermott  
Funding Administrator  
BB&T Governmental Finance  
Post Office Box 31273  
Charlotte, North Carolina 28231

RE: Request for disbursement of funds from the Project Fund related to Contract No. 003-2002640-001 Taylor County Public Service District, dated May 16, 2005.

Dear Ms. McDermott,

Pursuant to the terms and conditions of the Project Fund Agreement dated as of May 16, 2005, Taylor County Public Service District (the "District"), requests the disbursement of funds from the Project Fund established under the Project Fund Agreement for the following Project Costs:

This is requisition number \_\_\_\_\_ from the Project Fund.

Amount:

Vendor:

Vendor Address:

Vendor Federal Tax Number:

Applicable Vendor Invoices:

Payee *(if different from vendor; attach explanation)*

Project Description:

Location of Facilities:

The District makes this requisition pursuant to the following representations:

1. The District has appropriated in its current fiscal year funds sufficient to pay the Installment Payments and estimated Additional Payments due in the current fiscal year.
2. The purpose of this disbursement is for partial payment on the project provided for under the Contract referenced above.
3. The requested disbursement has not been subject to any previous requisition.
4. No notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable herein to any of the persons, firms or corporations named herein has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition.
5. This requisition contains no items representing payment on account of any percentage entitled to be retained on the date of this requisition.
6. No Event of Default is continuing under the Water Refunding Revenue Bonds, and no event or condition is existing which, with notice or lapse of time or both, would become an Event of Default.
7. The District will execute any Uniform Commercial Code financing statements with respect to this portion of the Equipment that BB&T may request to evidence its security interest.
8. The District has in place insurance on this portion of the Equipment that complies with the insurance provisions of the above-referenced Contract.

Attached is evidence that the amounts shown in this requisition are properly payable at this time, such as bills, receipts, invoices, architects' payment certifications or other appropriate documents.

**TAYLOR COUNTY PUBLIC SERVICE  
DISTRICT**

By: \_\_\_\_\_

Title: \_\_\_\_\_



**TAYLOR COUNTY PUBLIC SERVICE DISTRICT**  
**WATER REFUNDING REVENUE BOND, SERIES 1996 C**

**BOND RESOLUTION**

**Table of Contents**

**ARTICLE I**  
**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	2
Section 1.04	Definitions	2

**ARTICLE II**  
**AUTHORIZATION, TERMS, EXECUTION,  
REGISTRATION AND SALE OF BOND**

Section 2.01	Authorization of Bond	9
Section 2.02	Terms of Bond	9
Section 2.03	Execution of Bond	9
Section 2.04	Authentication and Registration	9
Section 2.05	Negotiability, Transfer and Registration	9
Section 2.06	Bonds Mutilated, Destroyed, Stolen or Lost	10
Section 2.07	Bond not to be Indebtedness of the Issuer	10
Section 2.08	Bond Secured by Pledge of Net Revenues	11
Section 2.09	Form of Bond	11
	FORM OF BOND	12
Section 2.10	Sale of Bond	18
Section 2.11	Disposition of Bond Proceeds	18
Section 2.12	Designation of Bond as "Qualified Tax-Exempt Obligation"	18

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

Section 3.01	Establishment of Funds and Accounts with Depository Bank	19
Section 3.02	Covenants of the Issuer as to System Revenues and Funds	19

**ARTICLE IV  
GENERAL COVENANTS**

Section 4.01	General Statement	23
Section 4.02	Rates	23
Section 4.03	Sale of the System	23
Section 4.04	Issuance of Additional Parity Bonds or Obligations	23
Section 4.05	Insurance and Bonds	25
Section 4.06	Statutory Mortgage Lien	26
Section 4.07	Events of Default	26
Section 4.08	Enforcement	27
Section 4.09	Fiscal Year; Budget	27
Section 4.10	Compensation of Members of Governing Body	27
Section 4.11	Books and Records; Audits	27
Section 4.12	Maintenance of System	28
Section 4.13	No Competition	28

**ARTICLE V  
RATES, ETC.**

Section 5.01	Initial Schedule of Rates and Charges; Rules	29
--------------	--	----

**ARTICLE VI  
TAX COVENANTS**

Section 6.01	Tax Covenants	30
Section 6.02	Arbitrage and Tax Exemption	31
Section 6.03	Tax Certificate and Rebate	31

**ARTICLE VII  
DEFEASANCE**

Section 7.01	Defeasance	32
--------------	------------	----

**ARTICLE VIII  
MISCELLANEOUS**

Section 8.01	Amendment or Modification of Bond Legislation	33
Section 8.02	Severability of Invalid Provisions	33
Section 8.03	Table of Contents and Headings	33
Section 8.04	Conflicting Provisions Repealed	33
Section 8.05	Covenant of Due Procedure, Etc.	33
Section 8.06	Effective Date	34

SIGNATURES  
CERTIFICATION

34  
35

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REVENUE BOND, SERIES 1985, DATED AUGUST 14, 1985, OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,454,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BOND, SERIES 1996 C; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A.      Taylor County Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Taylor County of said State duly created pursuant to the Act by The County Commission of Taylor County.

B.      The Issuer currently owns and operates a public waterworks system.

C.      The Issuer has heretofore issued a Water Revenue Bond, Series 1985, dated August 14, 1985, in the original aggregate principal amount of \$1,642,000 (the "1985 Bond"), and held by the United States Department of Agriculture, Rural Utilities Service, formerly Farmers Home Administration ("USDA").

D.      It is in the best interest of the Issuer that the 1985 Bond be currently refunded in order to allow the Issuer to take advantage of the interest savings.

E. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bond, Series 1996 C (the "Bond"), in the total aggregate principal amount of not more than \$1,454,000 to pay in full the principal of and interest accrued on the 1985 Bond, to fund a portion of the reserve account for the Bond, and to pay the costs of issuance thereof and related costs.

F. It is in the best interest of the Issuer that the Bond be sold to the Purchaser (as hereinafter defined), pursuant to the terms and provisions of the commitment letter of such Purchaser.

G. The Issuer has complied with all requirements of West Virginia law relating to authorization of the refunding of the 1985 Bond and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things, obtaining the approval of this refunding from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1996 A and Series 1996 B, dated February 1, 1996, issued in the original aggregate principal amount of \$479,000 (collectively, the "Prior Bonds"), held by USDA. The Issuer is not in default under the terms of the Prior Bonds, or any resolution authorizing issuance of the Prior Bonds or any document in connection therewith and has complied with all requirements of all the foregoing with respect to issuance of parity bonds and has obtained a sufficient and valid consent or waiver thereof.

As of the date of issuance of the Bond, there are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment, other than the Prior Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bond.

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

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

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

"Bond" or "1996 C Bond" means the Water Refunding Revenue Bond, Series 1996 C, authorized hereby to be issued pursuant to this Bond Legislation.

"1985 Bond" means the Water Revenue Bond, Series 1985, of the Issuer described in Section 1.02C hereof.

"Bondholder," "Holder of the Bond," "Holder," "Registered Owner" or any similar term whenever used herein means the person in whose name the Bond is registered.

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

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

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Chairman" means the Chairman of the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Bond for the proceeds representing the purchase price of the Bond from the Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time and the Regulations thereunder.

"Debt Service" means the maximum amount of principal and interest which will become due on the Bond and the Prior Bonds in any Fiscal Year.

"Debt Service Coverage Ratio" means, for any Fiscal Year, the ratio of Net Revenues to Debt Service.

"Depository Bank" means One Valley Bank of Clarksburg, National Association, Clarksburg, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation or 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" means the Public Service Board of the Issuer.

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or 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, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Taylor County 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.

"Net Proceeds" means the face amount of the Bond, plus accrued interest and premium, if any, and less original issue discount, if any, and less proceeds, if any, deposited in the 1996 C Bond Reserve Fund. 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 Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"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 the Prior Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

"Prior Bonds" means the outstanding Water Revenue Bonds, Series 1996 A and Series 1996 B, of the Issuer described in Section 1.02H hereof.

"Prior Resolution" means the resolution of the Issuer adopted February 1, 1996, authorizing issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

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

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

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

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

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

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

have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Resolutions" means, collectively, the Prior Resolution and the Bond Legislation.

"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 of the Issuer.

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

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

"USDA" means the United States Department of Agriculture, Rural Utilities Service (formerly, Farmers Home Administration), and any successor thereof, acting for and on behalf of the United States of America.

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 Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BOND

Section 2.01.      Authorization of Bond. For the purposes of paying in full the principal of and interest accrued on the 1985 Bond, funding a portion of the reserve account for the Bond and paying the costs of issuance thereof and related costs, there is hereby authorized to be issued the Water Refunding Revenue Bond, Series 1996 C, of the Issuer, in the aggregate principal amount of not more than \$1,454,000.

Section 2.02.      Terms of Bond. The Bond shall be issued in fully registered form; shall be dated such date; shall be in such principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate; shall be payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part; and shall have such other terms, all as the Issuer shall prescribe in a Supplemental Resolution.

Section 2.03.      Execution of Bond. The Bond 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 Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, the Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed the Bond had not ceased to hold such office. The Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of the Bond shall hold the proper office in the Issuer, although at the date of the Bond such person may not have held such office or may not have been so authorized.

Section 2.04.      Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 2.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar.

Section 2.05.      Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bond 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 any of the Bond, shall

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

So long as the Bond remains outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bond.

The registered Bond 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 the Bond or transferring the registered Bond are exercised, the Bond shall be delivered in accordance with the provisions of this Bond Legislation. The Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Bond, 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 person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such transfer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Bond during the 15 days preceding an interest payment date on the Bond or after notice of any prepayment of the Bond has been given.

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 the Registrar shall, if so advised by the Issuer, authenticate 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, 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. The Bond so surrendered shall be cancelled by the Bond Registrar 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, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 2.07.      Bond not to be Indebtedness of the Issuer. The Bond 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 of the

Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bond or the interest thereon.

Section 2.08. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, all on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond and the Prior Bonds as the same become due.

Section 2.09. Form of Bond. The text of the Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

WATER REFUNDING REVENUE BOND, SERIES 1996 C

No. CR- \_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That TAYLOR COUNTY 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 order of

\_\_\_\_\_ or registered assigns (the "Registered Owner"), the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), plus interest as follows:

A. This Bond shall bear interest on the outstanding principal amount thereof from the date hereof to and including the maturity or earlier prepayment date, at the rates per annum as follows (hereinafter sometimes called the "Tax-Exempt Rate"):

(i) Commencing \_\_\_\_\_, 1996, and continuing to and including \_\_\_\_\_, 2001, at the rate of \_\_\_\_\_ % per annum.

(ii) Commencing \_\_\_\_\_, 2001, and continuing to and including \_\_\_\_\_, 2006, at the rate per annum equal to the highest prime rate of interest set forth in The Wall Street Journal in a column entitled "Money Rates", or its successor (the "Prime Rate"), in effect on \_\_\_\_\_, 2001, or the first Business Day (as defined in the hereinafter defined Bond Legislation) thereafter, minus 2%, which rate shall not be less than 5% and not more than 7.5%.

(iii) Commencing \_\_\_\_\_, 2006, and continuing to and including the final maturity date of this Bond, being \_\_\_\_\_, 2011, at the rate per annum equal to

the highest prime rate of interest set forth in The Wall Street Journal in a column entitled "Money Rates", or its successor (the "Prime Rate"), in effect on \_\_\_\_\_, 2006, or the first Business Day (as defined in the hereinafter defined Bond Legislation) thereafter, minus 2%, which rate shall not be less than 5% and not more than 7.5%.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate equal to the Tax-Exempt Rate, plus \_\_\_\_\_% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. This Bond shall be payable in monthly installments, commencing \_\_\_\_\_, 1996, and continuing on the \_\_\_\_\_ day of each month thereafter, to and including \_\_\_\_\_, 2011. Each monthly installment shall be in the amount of \$\_\_\_\_\_. There shall be an adjustment to the final maturity hereof in the event that such monthly installment amortizes payment of the principal of and interest on this Bond prior to the scheduled maturity date hereof.

D. All payments received by the Paying Agent on account of this Bond shall be applied first to payment of interest accrued on this Bond and next to payment of principal of this Bond. If not sooner paid, the entire principal amount of this Bond unpaid on \_\_\_\_\_, 2011, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond is payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of \_\_\_\_\_, \_\_\_\_\_, West Virginia, as Registrar and Paying Agent.

This Bond is subject to prepayment of principal and interest to the date of prepayment, in whole or in part, at any time, without penalty.

This Bond is issued (i) to pay in full the principal of and interest accrued on the Issuer's Water Revenue Bond, Series 1985, (ii) to fund a portion of the reserve account for the Bond and (iii) to pay the costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 199\_\_\_\_, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 199\_\_\_\_ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

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 WATER REVENUE BONDS, SERIES 1996 A AND SERIES 1996 B, DATED FEBRUARY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$479,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Registered Owner, for the terms of which reference is made to said Bond Legislation. Remedies provided the Registered Owner are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to such registration requirements, 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond and the interest hereon are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

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 in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 199\_\_\_\_.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_, 199 \_\_\_\_.

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

By \_\_\_\_\_  
Its Authorized Officer

(Form of Assignment)

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

\_\_\_\_\_  
the within-mentioned Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books of the Registrar on behalf of the said Issuer with full power of substitution in the premises.

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

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

Section 2.10.      Sale of Bond. The Bond shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, the adoption of the Supplemental Resolution; provided, that the Purchaser and the Issuer shall have agreed to the purchase price thereof.

Section 2.11.      Disposition of Bond Proceeds. Upon the issuance and delivery of the Bond on the Closing Date, the Issuer shall immediately apply the proceeds of the Bond (i) to pay in full the entire principal of and interest accrued on the 1985 Bond to USDA, (ii) to fund a portion of the 1996 C Bond Reserve Fund, and (iii) to pay the costs of issuance of the Bond and related costs.

Section 2.12.      Designation of Bond as "Qualified Tax-Exempt Obligation". The Issuer hereby designates the Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bond does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bond, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1996.

### ARTICLE III

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

Section 3.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the Prior Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Reserve Fund (established by the Prior Resolution and herein called the "Prior Bonds Reserve Fund");
- (3) 1996 C Bond Reserve Fund; and
- (3) Depreciation Reserve (established by the Prior Resolution).

Section 3.02. Covenants of the Issuer as to System Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the 1996 C Bond Reserve Fund, 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 the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. **DISPOSITION OF REVENUES.** All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolution not otherwise modified herein;

- (i) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Bond, transfer from the Revenue Fund and simultaneously, (a) remit to the National Finance Office designated in the Prior Bonds (or such other place as may be provided pursuant to the Prior Bonds), the amounts required to pay the interest on the Prior Bonds, and to amortize the principal of the Prior Bonds over the respective life of the Prior Bonds, and (b) remit to the Paying Agent designated in the Bond (or such other place as may be provided pursuant to 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. All payments with respect to principal of and interest on the Prior Bonds and the Bond shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and simultaneously, (a) remit to the Depository Bank for deposit in the Prior Bonds Reserve Fund the amount required by the Prior Resolution and (b) on the date of issuance of the Bond, remit to the Depository Bank for deposit in the 1996 C Bond Reserve Fund the sum of \$75,000, and whenever the Debt Service Coverage Ratio falls below 130%, remit to the Depository Bank for deposit in the 1996 C Bond Reserve Fund, the sum of \$625, until there has been accumulated in the 1996 C Bond Reserve Fund an amount equal to the maximum aggregate amount of principal and interest on the Bond in any year (the "Reserve Requirement"); provided that, no further payments shall be made into the 1996 C Bond Reserve Fund when the Debt Service Coverage Ratio is at least 130%; provided further that, no further payments shall be made into the 1996 C Bond Reserve Fund when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. All earnings of investments in the 1996 C Bond Reserve Fund shall at least annually be transferred to and deposited in the Revenue Fund. Moneys in the 1996 C Bond Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to the Paying Agent as the same shall become due or for prepayment of installments on the Bond, and for no other purpose.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund until there has been accumulated in the Depreciation Reserve the aggregate sum of \$250,000, 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 Prior Bonds and the Bond as the same become due, and next to restore to the Prior Bonds Reserve Fund and the 1996 C Bond Reserve Fund any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Prior Bonds Reserve Fund and the 1996 C Bond 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.

(v) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any, may be used to prepay installments of the Prior Bonds and the Bond, pro rata, or for any lawful purpose of the System.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Prior Bonds Reserve Fund, the 1996 C Bond Reserve Fund and the Depreciation Reserve herein provided, and all amounts required for the Prior Bonds Reserve Fund, the 1996 C Bond Reserve Fund and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Prior Bonds Reserve Fund, the

1996 C Bond Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the Prior Resolution, earnings upon moneys in the Prior Bonds Reserve Fund and the 1996 C Bond Reserve Fund, so long as the respective reserve requirement is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

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

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

## 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 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 Bondholder.

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 Prior Bonds and the Bond and sufficient to make the payments required herein into the Prior Bonds Reserve Fund, the 1996 C Bond 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 or Obligations.      No Parity Bonds, payable out of the Revenues of the System, shall be issued after the issuance of the Bond pursuant to this Bond Legislation, except under the conditions and in the manner herein provided. No Parity Bonds shall be issued without the prior written consent of the Purchaser; provided that the Purchaser shall not withhold its consent so long as the Issuer meets the conditions set forth in this Section 4.04.

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

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

No Parity Bonds shall be issued at any time, however, unless the Issuer procures a written statement from the Independent Certified Public Accountants that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus

the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 110% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

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

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, 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 Holder of the Bond 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. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

No Parity Bonds shall be issued any time, however, unless all the payments provided for in this Bond Legislation with respect to the Bond 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 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:

(i) 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 and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(ii) 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.

(iii) 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.

(iv) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(vi) 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.

Section 4.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond and shall be for the equal benefit of the Bond and the Prior Bonds.

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; and

(b) Failure to duly and punctually 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 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 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.      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 4.12.      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 4.13.      No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

## ARTICLE 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 December 22, 1995, Case No. 94-1135-PWD-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 all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

## ARTICLE VI

### TAX COVENANTS

Section 6.01.      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 Bond 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 Bond during the term thereof is, under the terms of the Bond 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 Bond 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 Bond during the term thereof is, under the terms of the Bond 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 Bond 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 Bond is for the purpose of financing more than one project, a portion of the project, and shall not exceed the proceeds used for the governmental use of that portion of the project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B.      **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bond 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 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Bond will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions which would adversely affect such exclusion.

Section 6.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bond which would cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bond) so that the interest on the Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bond. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bond as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 6.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 6.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes.

## ARTICLE VII

### DEFEASANCE

Section 7.01.      Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then this Bond Legislation and the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Bond from gross income for federal income tax purposes.

The payment of the Bond with either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on the Bond shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Bond shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Paying Agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on the Bond on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Paying Agent pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on the Bond; provided, that any cash received from such principal or interest payments on such securities deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on the Bond on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying Agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01.      Amendment or Modification of Bond Legislation. Prior to the issuance of the Bond, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following the issuance of the Bond, this Resolution may not be amended or modified without the prior written consent of the Registered Owner; provided, however, that this Resolution may be amended without the consent of the Registered Owner as may be necessary to assure the exclusion of interest on the Bond from gross income of the holders thereof for federal income tax purposes.

Section 8.02.      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 Bond.

Section 8.03.      Table of Contents and Headings. The table of contents and headings 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 8.04.      Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 8.05.      Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 8.06. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 26th day of September, 1996.

  
Chairman

  
Member

  
Member

CERTIFICATION

Certified a true copy of a Bond Resolution duly adopted by the Public Service Board of Taylor County Public Service District on the 26th day of September, 1996.

Date: September 26, 1996.

[SEAL]

  
Secretary

09/20/96  
TCWJM.A5  
888140/96001



# CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** May 16, 2005  
**Re:** Taylor County Public Service District Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company)

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## DISBURSEMENTS OF SERIES 2005 A BONDS PROCEEDS

1. Payor: Branch Banking and Trust Company  
Source: Series 2005 A Bonds Proceeds  
Amount: \$694,631.57  
Form: Internal Transfer  
Payee: Branch Banking and Trust Company  
Contact: Dena Clutter, (304) 626-1703 (Clarksburg)  
Loan #: 9570600394, Note #1  
Purpose: Pay off Taylor County Public Service District Water Refunding Revenue Bond, Series 1996 C (Original Loan Date: 9/26/96)
  
2. Payor: Branch Banking and Trust Company  
Source: Series 2005 A Bonds Proceeds  
Amount: \$169,421.01  
Payee: Taylor County Public Service District  
Account #: 5174694577  
Account: Series 2005-1 Taylor County Public Service District Project Fund
  
3. Payor: Branch Banking and Trust Company  
Source: Series 2005 A Bonds Proceeds  
Amount: \$5,947.42  
Form: Wire Transfer  
Payee: West Virginia Municipal Bond Commission  
Bank: BB&T  
Routing #: 051503394  
Account #: 5270517317  
Contact: Sara Boardman, Executive Director  
Account: Series 2005 A Bonds Reserve Account (which together with \$81,052.58 from the Series 1996 C Bonds Reserve Account will fully fund such account)

**SERIES 1996 C BONDS RESERVE ACCOUNT TRANSFERRED BY BB&T TO MUNICIPAL BOND COMMISSION**

1. Payor: Taylor County Public Service District  
Source: District's Funds in Series 1996 C Bonds Reserve Account  
Certificate of Deposit Account No. 5870724278  
Amount: \$81,052.58  
Date: May 16, 2005  
Form: Check  
Payee: West Virginia Municipal Bond Commission  
Contact: Sara Boardman, Executive Director  
Account: Series 2005 A Bonds Reserve Account (being transferred from BB&T to Bond Commission)

**DISBURSEMENTS BY DISTRICT FROM SERIES 2005 A PROJECT FUND**

- 1, Payee: Steptoe & Johnson PLLC  
Amount: \$8,500.00  
Purpose: Bond Counsel Fees
2. Payee: Branch Banking and Trust Company  
Amount: \$4,350.00  
Purpose: Bank Fee

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